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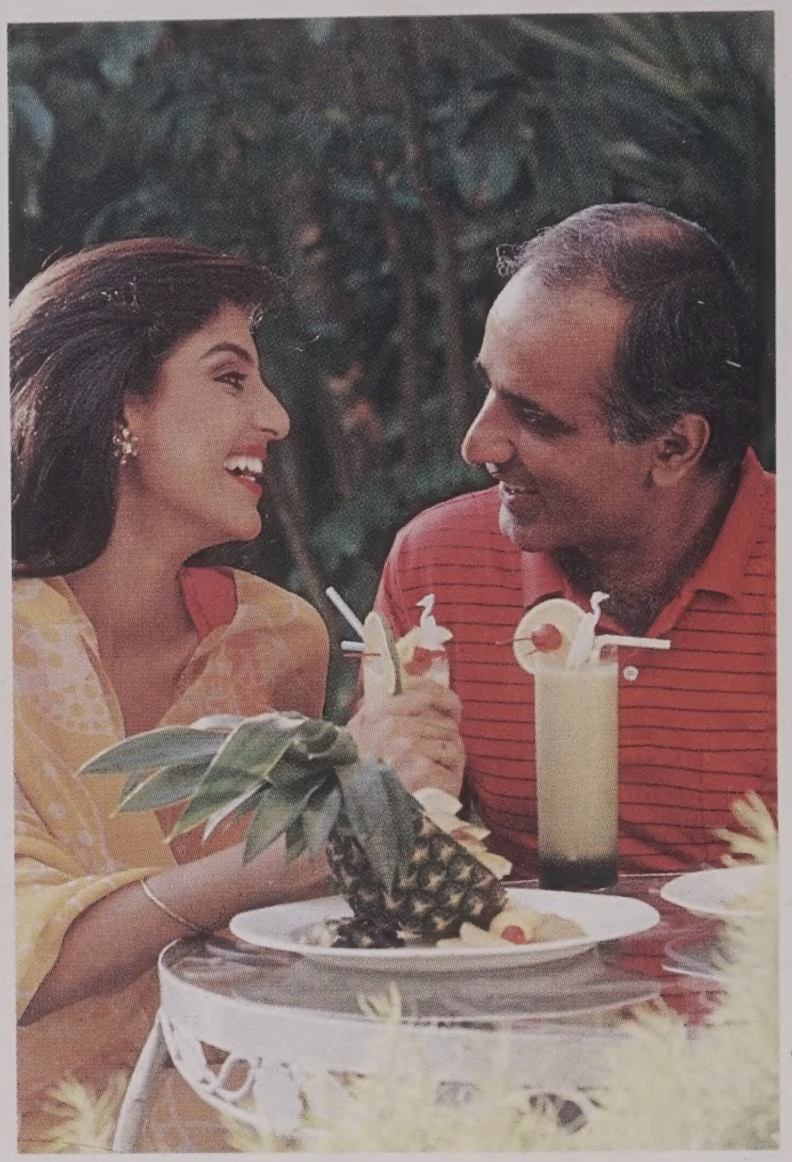
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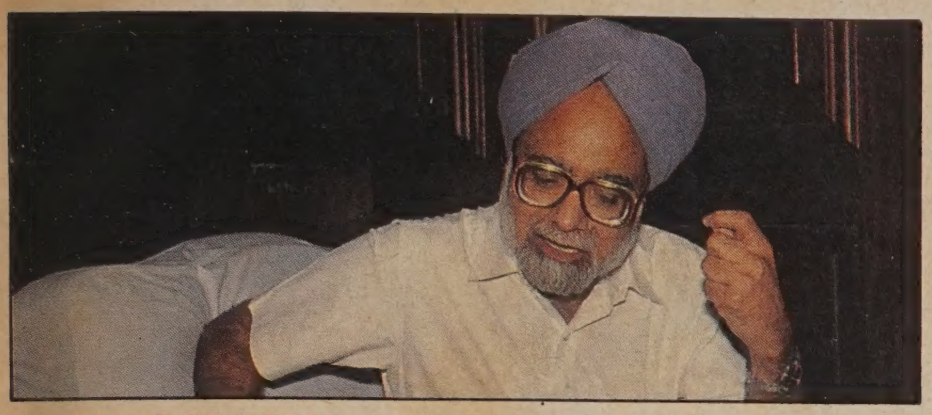
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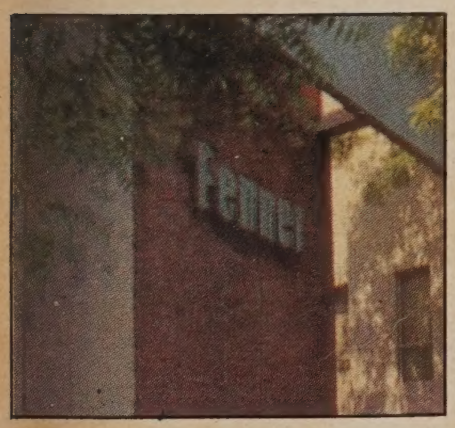


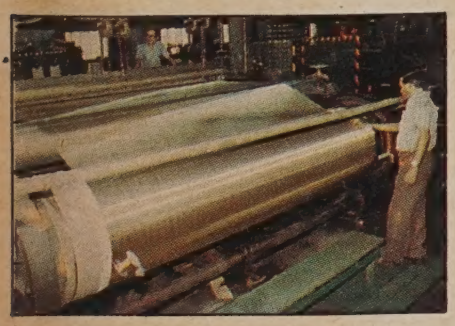
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LETTER FROM THE PUBLISHER

The new finance minister Manmohan Singh (along with the new commerce minister P. Chidambaram) must be praised for the gutsy steps he has just announced. It is even more creditable that he chose to make tough changes in rapid fire succession, even before the government, which is a minority government, secured its vote of confidence.

In his exclusive interview with *Business India*, he said, "The people of India are impatient, angry and eager for change." This realisation is the key to the process of change.

It is clear to Manmohan Singh that the present crisis can also be seen as a historic opportunity. An opportunity to bring about long overdue structural changes that are necessary if we are not to be left behind by even the smallest countries in the world. In this context, there are two standard political myths that must be summarily disposed off. The first is that tough measures would somehow be politically unacceptable and that the people would reject them. The truth is that in India, like anywhere else in the world, the large majority of people prefer to be told the truth as it is, and are happier if correct decisions are taken in the national interest, even if they happen to be tough decisions. The tragedy is that for years our politicians and political parties only worried about vote banks and particular sections of the public. The public is fed up with this approach.

The second myth that must be destroyed is that a market economy is necessarily without a safety net for the poor. The economies of the West and Japan have shown for half a century now that rich market-oriented states on the contrary have large welfare programmes for the poor. In fact, poverty, as we know it in India, just doesn't exist. The finance minister has clearly seen through these myths.

Manmohan Singh can be faulted only in that not enough effort was made to build a political consensus on these issues. There is no question that an intensive exercise ought to have been made to inform the major political parties. At the same time a major effort ought to have been undertaken (or should be undertaken now) to explain to the public the implications of the changes.

We at *Business India* have long been arguing for such changes. In fact, the very concept of Exim Scrips as announced by P. Chidambaram, was first mooted in this magazine. We have long argued about the efficiency of markets in the allocation of resources. Of course, one of the main reasons why we have been confident of India's ability to compete internationally in a free play of market forces is our underlying belief that our economy is really much stronger than most people realise. As a people, we are talented and resourceful and able to compete fairly with the rest of the world and stand on our own feet.

Ashok H. Advani


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Cashew
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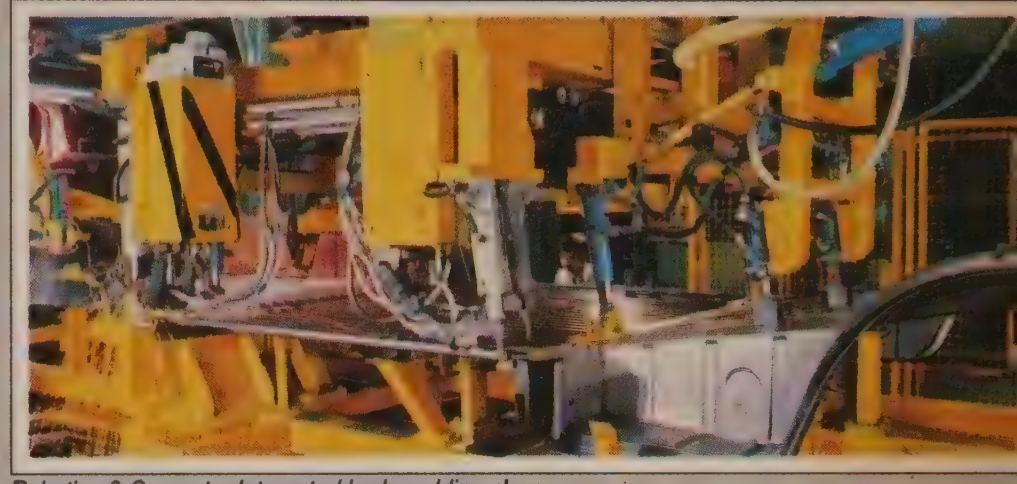
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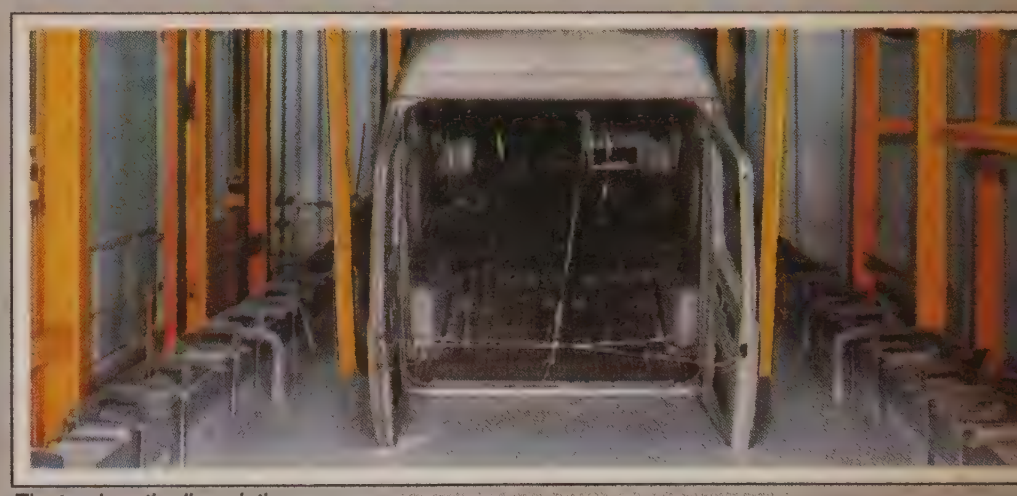
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• Bold and innovative

Special Feature 'Animal Farm' (10 June) interested me a great deal. It is a just mimicry of the great satire 'Animal Farm' by George Orwell. The efforts made by Dhir are innovative and bold.

R.T. DESHPANDE
Belgaum

• A great shock

In a system created by politicians, hundreds of people are being killed daily while the creators of the scenes of crime watch from a distance, assuming that they will never be caught in the web. Politicians have provided respectability to criminals. In this kind of a situation nurtured by politicians nobody should expect anything else.

Why then panic? It is just another death like many others.

R.K. BANSAL
Noida (U.P.)

• The dastardly assassination of Rajiv Gandhi has come as a great shock — 'The tragedy and after' (27 May). Business prospects for India are not as bright now since Rajiv was seen as the best bet for a prosperous 21st century India. His death came at a moment when Indians realised that Rajiv was the only leader who could put India back on its feet.

K. CHIDANAND KUMAR
Bangalore

• It will be a distortion of history if due credit is not given to the greatness of Rajiv [illegible] brought lustre to India both in the national and the international arena. When V.P. Singh came to power we expected an *El Dorado*, but his reign was a disaster. We expected economic emancipation from Chandra Shekhar, but his outdated socialism flopped too.

Rajiv had vision but the implementation of his policies was vitiated by the usual errors. It has now been proved that the LTTE and the Sri Lankan Tamils in India are a liability to us.

U.S. IYER
Bangalore

• Exports hit

This refers to "RBI measures — A mood of uncertainty" (Special Report, 27 May) on the tough measures adopted by RBI to tackle the present foreign exchange crisis.

The foreign exchange crisis had been precipitating for long but regrettably, no concrete action was taken by the finance ministry to avoid the crisis, resulting in our present grim situation.

The measures recently adopted by RBI, although necessary in the crisis situation, have created a serious cash-flow crunch for a large number of industries and have also adversely affected our exports.

The new government can resolve the foreign exchange crisis only by maximising exports, curbing unnecessary imports and providing better schemes of investment to NRIs to attract foreign exchange.

It must formulate tough long-term fiscal policies based on economic considerations.

K.A. ANANTH
Bombay

• Basis for votes

Your Cover Feature 'The foreign exchange squeeze' (1 April) has rightly gone into issues deeply. While most corporate citizens are in favour of freeing import controls and improving the links of our country with the global economy, our economists still find it difficult to reach a consensus on the issue. This is not surprising as in our country it has become a fashion for politicians and economists alike to indulge in leftist rhetoric.

Even in countries like Japan, where the government has traditionally played an important role in economic activities, the stress has been on indicative planning and coordination as opposed to direct intervention. The irony is that we have politicians with little grasp of economic issues in the finance ministry. It is here that business dailies and periodicals have an important duty to discharge. To make the electorate more aware, they must dissect the economic policy statements outlined in election manifestoes and help the masses come to a balanced judgement.

A.V. VEDPURISWAR
Hooghly

• An adverse balance of payments position has been the bane of our developing economy (Cover Feature, 1 April). Around the time countries like Japan and Germany were recovering from devastating destruction at the end of World War II, India became independent. While these two countries recovered remarkably at an enviable pace, we still limp woefully, having put our nation at the mercy of corrupt politicians and inefficient bureaucrats.

Militant trade unionism, unstable governments, lack of dedication and sincerity in the public sector and government organisations, and a complete absence of diplomatic sagacity ruined the country. How long can we afford to function like this? The so called credit trap is self created.

U.S. IYER
Bangalore

• A step to boost exports

I refer to the article on ISO 9000 "Where quality is all" (Feature, 27 May).

While the feature covers a few aspects of ISO 9000 quality certification, it does not highlight the infrastructural deficiencies that exist in our economy thus making it difficult for industries to widely top this system.

The feature mentions Sundaram Fasteners as the first Indian Company to get to ISO 9000 certification. Almost two and a half years before any of the engineering industries mentioned under the feature article committed themselves to working towards getting an ISO 9000 certification, Ralliwolf, Bombay got the certification from the British Standard Institute in August 1988.

Taking into account the current balance of payment position and the importance of earning hard currency foreign exchange to our country ISO 9000 certification would become the first stepping stone towards doing our bit to promote exports from India.

V.R. DAKSHINAMURTHY
Bangalore

• Misquoted

In your report on the lifting of the lockout at Hindustan Ferodo, the undersigned has been wrongly quoted as saying on behalf of the Engineering Workers Union (CITU) that "he was unable to assure the workers that the union would be able to help them to keep their jobs" (Labour, 27 May).

What I had said was that when, in 1985, the Ferodo workers were threatened with retrenchment and they rejoined our union, we made it clear that in the existing circumstances, if jobs were to be protected, our union would be unable to assure them further improvements in their service conditions until viability of the unit was achieved.

The report also contains other inaccuracies. It is suggested that the lock-out was declared as a consequence to an act of violence by the workers. Slogan shouting by workers, because they have not been paid a promised exgratia amount two days before Diwali, is not an act of violence.

V.C. MONTEIRO
Secretary
Engineering Workers Union (CITU)
Bombay

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Tough people, tough choices



The economic duo of Manmohan Singh and P. Chidambaram has got off to a firm and quick start. That important decisions are being taken within a week of its assuming office shows that this government is willing to take the bull by the horns. This despite its status as a minority government yet to win the confidence of the Lok Sabha.

Given that the immediate crisis facing the country is in foreign exchange, the government's actions have naturally been in this area. In this context, a 20 per cent devaluation and the removal of export subsidies may partly offset each other but they mark an important change from a regime of discretionary controls to one of letting the price mechanism determine resource allocation. An easily tradeable replenishment licence earned from exports, through which imports will increasingly be financed, has also been proposed. This is intended to create an instrument for freer access to and market pricing of foreign exchange. It is a second-best solution to a floating currency, and it will take time to set up a liquid market for this instrument. Nevertheless, it could be viewed as a phasing-in of convertibility (planned by 1995) and is welcome in this context.

Speed and firmness do not necessarily mean that the right decisions are always taken. There will undoubtedly be mistakes down the line, particularly in the complex field of trade policy. Nevertheless, the broad direction of decontrol that the economy needs to take is obvious enough. There is no reason why there should be substantially wrong choices.

Even if the right decisions are taken, they are unlikely to be popular ones. The economy is burdened with an administered price regime which will be difficult to phase out quickly. While small importers will undoubtedly be hurt, a will the huge petrochemicals industry, the biggest risk is t agriculture. The rise in fertiliser production costs will eithe have to be met by higher subsidies, thereby adding to th government's deficit, or by a reduction in subsidies whic will raise the cost at the farm gate.

The point is that, like any economic problem, there is bit ter medicine to be taken if the country is to be nursed back t health. In this context, a political consensus to reform migh have made sense. As it is, almost all the opposition leader have reacted adversely — and, it must be stated, immaturely — to the new policies.

All this is not to say that there should be no safety net for the underprivileged. *Business India* has consistently advocated that the dismantling of administrative controls should be accompanied by infrastructural reforms in education, health and civic facilities in order to provide acceptable standards of living for the poor.

This illustrates another risk: that the right decisions need to be part of a comprehensive dismantling of controls rather than only politically painless ones. Even in the financial sector, liberalising interest rates by allowing depositors to get the benefit of tight money and allowing sick banks to close will require the co-operation of the hostile banking sector. Outside of finance, reform will need the co-operation of several other ministers, including several political appointees.

The new government has begun well, with Rao quietly letting Singh take the lead. Those who initially wrote the prime minister off as old wine in an old bottle are seeing an unexpected sparkle within.

A near-impossible task



It is certainly a record. The new chief minister of Tamil Nadu, Jayalalitha Jayaram, has literally swept away the opposition in the recently-concluded assembly elections. Now that the sole survivor from the decimated DMK party has resigned, she faces an assembly virtually without a worthy opposition.

A massive mandate is a dangerous thing, with levels of expectations reaching unnatural heights. The complete rejection of the DMK obviously means that the people want something more than what was offered by the previous government. The DMK lasted exactly two years and it is not possible to make a realistic assessment of its achievements. But the DMK is dismayed because its party leaders genuinely believe that they managed to fulfill most of their 1989 election promises.

To say that the sympathy wave that followed Rajiv Gandhi's assassination and DMK's known proximity to the LTTE was primarily responsible for the party's debacle would not be entirely right. Even before the Sriperumbudur tragedy, there were enough indications that the DMK was fighting a losing battle. Unlike during the last elections, the AIADMK and the Congress (I) were presenting a joint front and hence even the chances of a split vote benefiting Karunanidhi was ruled out.

To be fair to the DMK, while in power, there was action on several fronts, most notably in the industrial and economic sectors. The government announced an industrial policy, and activated many moribund joint-sector projects.

On the financial front, the DMK took corrective steps to build up a surplus exchequer though the route it took to do so did not appeal to the people. DMK scrapped prohibition which has had a chequered history in the state and introduced cheap liquor. This, with the increase in excise for liquor, made state finances look healthier.

But achievements like activating the industry and prudent financial management are not the stuff which win popularity for politicians. These are considered the everyday responsibility of the politician and nothing to get excited about. Meanwhile, the population of Tamil Nadu has got used to welfare schemes and government handouts ever since 1977 when M.G. Ramachandran came to power.

MGR's master stroke was the noon meal scheme, wherein all children upto class eight were given free and nutritious meals in government schools. Once the government goes on a welfare binge it is very difficult to curb it. Today nearly 26 per cent of the total financial outlay of the state is earmarked for social welfare schemes. There are subsidies for marriage for poor women, free distribution of tooth powder, free bus passes for children and so on.

In a state where the women's vote has always counted for a great deal, prohibition has always been a sensitive issue. Women do not see alcohol as a revenue producing source, but something which spells ultimate doom. Whoever introduces prohibition is viewed as a saviour. Usually chief ministers claim they are for prohibition but eventually scrap it at various levels to raise resources. But Karunanidhi scrapped it from day one. The women never forgave him.

Ultimately Karunanidhi tried to outdo his predecessor in welfare schemes. But, in the public mind, it never registered. They wanted the MGR era back, when welfare became the rule of the day, rice and kerosene were freely available in ration shops (at least in public perception) and free sarees and dhoties were thrown in for all occasions.

Jayalalitha has a near-impossible task. She wants to put Tamil Nadu on the industrial map again. But that is not going to win her popularity. It is the eager expectation of the free goodies which await them which has made the people elect her with a massive mandate. It is going to require extraordinary skill not just to let down these expectations, but also to build up a work culture.



Women and development

A recent Unicef report titled 'Women and Children in India' and a nearly simultaneous World Bank report on 'Indian Women — their health and economic productivity' highlight the international importance being given to the problem of the progress of Indian women.

Unfortunately, both reports fail to either convey a fresh understanding of the issues or to suggest innovative and workable approaches for womens' development. The former is because the reports restrict themselves to old statistics. For example, we are told (once again) that the ratio of women to men remains below its natural level and that it is related to other parameters, such as the level of literacy and the availability of primary health care.

The failure to suggest a fresh approach is less understandable given that a variety of approaches to women's development have been tried out all over the world. In India, the state has made a strong political and economic commitment to women. In 1990, the National Commission of Women was established. In 1989 two major policy documents were released, the National Perspective Plan for Women and the Report of Self Employed Women and Women in the Informal Sector. Ever since the Sixth Five-year Plan there has been a special section on socio-economic programmes for women. A Department of Women and Development has also been established which is the nodal agency in the Government, guiding, co-ordinating and monitoring the efforts of both governmental and non-governmental organisations in women's development. Poverty alleviation programmes have a 30-per-cent target for women. Special programmes like DWCRA (Development of Women and Children in Rural Areas) have also been started.

These governmental and other approaches have had mixed results. For example, SEWA's (Self Employed Women's Association) and WWF's (Working Women's Forum) approach of using bank credit to organise self-employed women has worked well. So also women's literacy programmes in Kerala. On the other hand, some legislated social reform — such as the Dowry Prohibition Act — has not worked. In fact, the issue of whether women should be identified as separate participants in the development process is also controversial.

In this context, it is disappointing to read (as in the Unicef report) that one of the government's targets for 1991-95 ought to be to foster "an ethos of caring in the community — not to let a child go to bed hungry, be subjected to a preventable disease or remain without learning opportunity — (this) could mark the beginning of a social process towards a more humane order". Is the report saying, then, that Indians do not love their children as a matter of cultural practice?

Both reports are likely to be highly influential on opinion leaders and policy makers. It is unfortunate that neither has taken a sufficiently serious and analytical approach.

Pity VSNL



Guess who profits most from an overseas call? Apparently the Department of Telecommunications (DoT) and the Mahanagar Telephone Nigam Ltd (MTNL), in Bombay and Delhi, rather than the Videsh Sanchar Nigam Ltd (VSNL) through whom overseas calls are technically made.

The cost of an overseas call works out to Rs.60 per minute of a metered call. Of this, VSNL gives MTNL Rs.30 and Rs.22 to the overseas telecom authorities. The internal cost works out to Rs.7. And VSNL's profit is Re.1 per minute of overseas telecommunication.

Of the Rs.30 given to the MTNL, Rs.15 goes to the DoT, Rs.10 goes towards subsidising of the capital infrastructure in remote areas, and Rs.5 is written off as MTNL's profit on every minute of effective overseas call. So whereas DoT makes Rs.15 and MTNL Rs.5, VSNL makes only Re.1.

SC
Bombay

Work and health don't mix

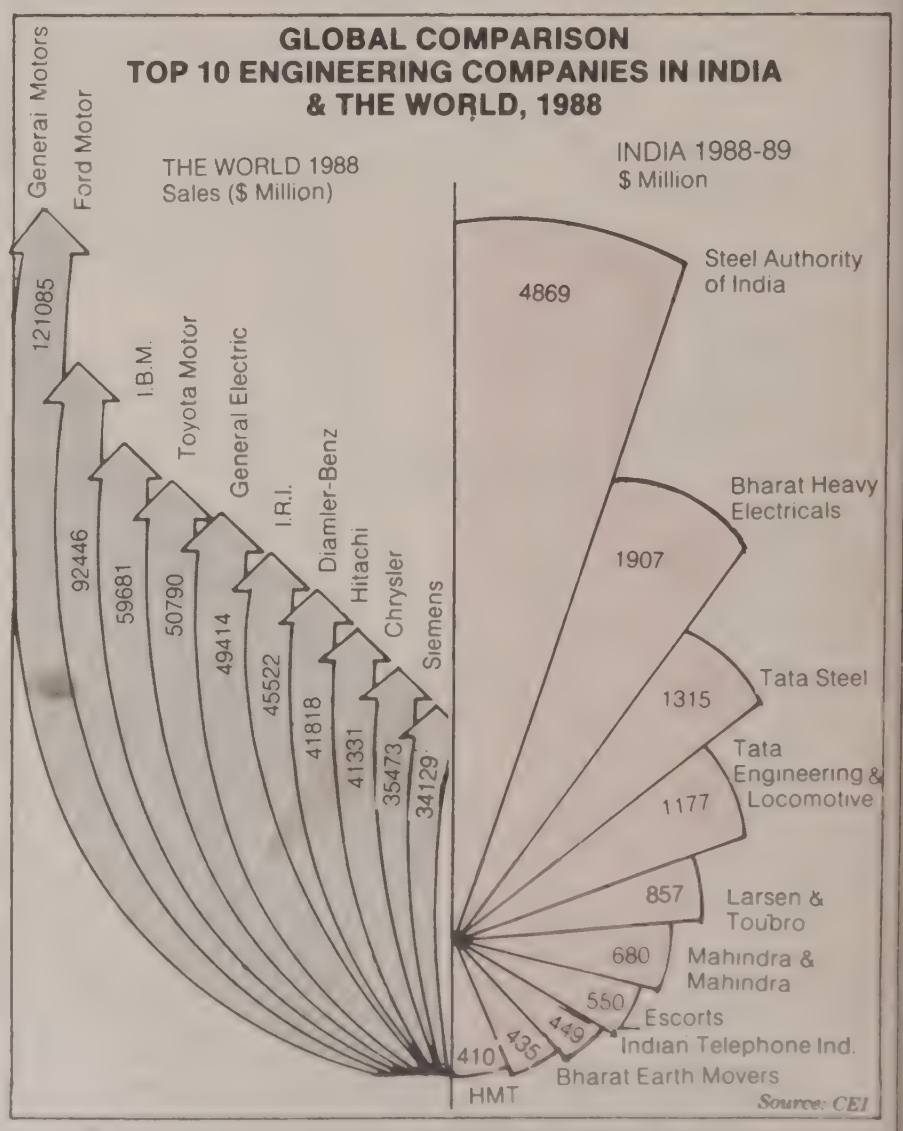
Bernardino Ramazzini (1633-1714), the Italian scientist, is known as the father of occupational health. He published his first famous treatise on occupational health problems in the year 1700 and said that every doctor should ask the patient 'What is your occupation?' A question that is apparently still not generally asked by medical practitioners.

The World Health Organisation describes health as a way of functioning within one's environment, comprising not only the one he or she lives in but also the one he or she works in. It not only means freedom from pain or disease, but also freedom to develop and maintain one's functional capacities.

The work environment constitutes an important part of man's total environment; so health is, to a large extent, affected by work conditions. In a work environment, health indicators may be evaluated quantitatively by indices of absenteeism, job satisfaction and work stability.

Giants and the Pipsqueaks

A comparison of the top 100 world engineering companies with the top 100 Indian engineering companies indicates vast differences in size. The sales turnover of the top world engineering company — General Motors — ($121 billion) was over 24 times the sales turnover of India's top company, SAIL ($4.9 billion) in 1988. Even the 100th world engineering company, Matsushita Electric Works of Japan, was 1.2 times the size of the top Indian company, SAIL.



Friend or foe

The ISI mark will now have company. The ministry of environment and forests has decided to institute a scheme for labelling environment-friendly products ECOMARK.

The testing and certifying authority of ECOMARK will be the Bureau of Indian Standards and the criteria for the mark will include production process, likely impact on environment, energy conservation and production, effect and extent of waste arising from production process, disposal of the product and its container, utilisation of waste and re-cycled materials, bio-degradability of products, etc.

Product categories to be taken under the scheme in the first phase include soaps and detergents, plastics, food items, pesticides, drugs and also electrical and electronic goods.

The sterling dollar

The disembarkation card handed over to tourists arriving in India by the tourism ministry has 'Welcome to India' printed on the front side and printed on the reverse are a set of instructions, including how much foreign exchange one can carry. Strangely enough, however, the disembarkation card says "If you are carrying notes, bank notes or travellers cheques of value exceeding US £ 1,000 or its equivalent please declare to customs on a currency declaration form to be attested by the customs officer".

Given the fact that the currency of the US is the dollar ($) and not the pound sterling (£) one wonders what impression it makes on foreigners.

AMIT BAGARIA
Calcutta

Information technology grows on

The Delhi-based Manufacturers Association of Information Technology (MAIT) recently published an analysis of the Indian information technology industry's performance. The analysis reveals that:

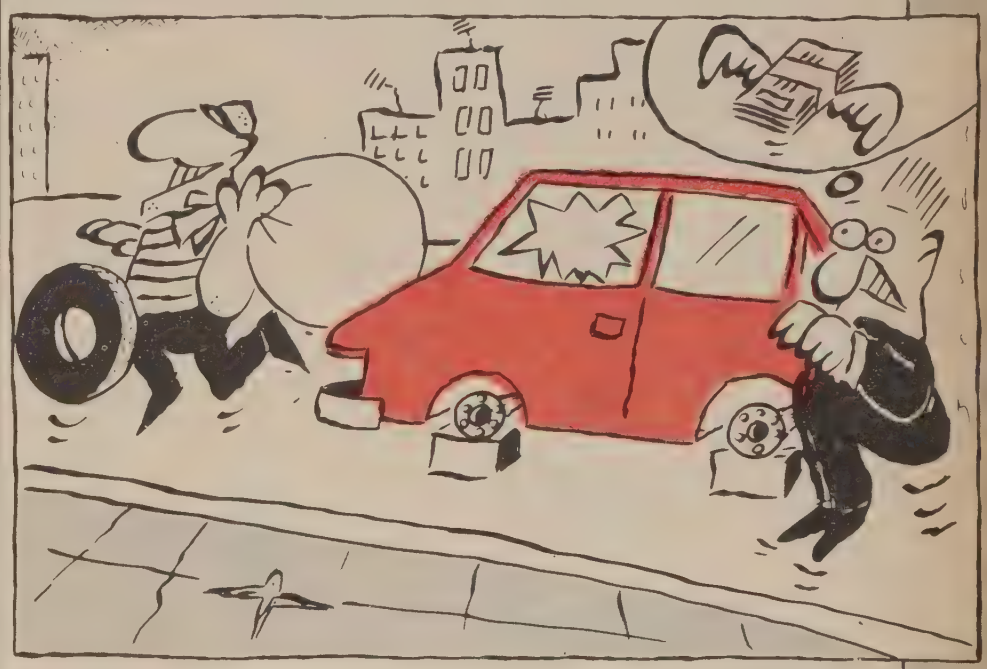
- Production of computers in value terms went up from Rs.700 crore in 1989 to Rs.800 crore in 1990. The computer industry which formed a meagre 10 per cent of the entire electronics industry in 1989-90 has risen to about 12 per cent in 1990-91 and is today about 0.25 per cent of the GNP. By 1995 it is expected to rise about 15 per cent of electronics and 0.75 per cent of the GNP.
- The share of the top 25 has been slowly eroding from 99 per cent in 1986-87 to 67 per cent in 1990-91.
- Compared internationally, the share of the Indian information technology (IT) industry is miniscule: a mere 0.35 per cent of the world IT market in 1990-91; 0.09 per cent of the US market; 0.1 per cent of the European market and 1.8 per cent of the Japanese market.
- In the year 1990-91 nearly 300 new computer institutes opened up taking the total number of institutes in India to over 700 in 1990-91 from 400 in 1989-90. These are apart from the over 250 franchises and centres associated with the top five computer training institutes in India.
- The share of the top five training institutes exceeds 52 per cent of the training industry revenue. Corporate training accounted for 15 per cent of the revenue amounting to Rs.13 crore while the balance Rs.72 crore belonged to the education segment.
- Approximately 12 per cent of the total IT sales were made through dealers.

Maruti blues

If you were to purchase a new Maruti from the showroom it would cost you Rs.1.5 lakh while a Maruti 1000 would cost Rs.4.50 lakh. But that is only the tip of the iceberg.

Most of the car's accessories, being detachable, are an easy target for petty thieves. And these would include the front and rear indicator lights, the glass windows on the four doors and the rear glass (the rubber lining can be easily removed). Replacement cost of each light works out to Rs.1,800, the rear glass costs anywhere between Rs.800 to 1,000 and each window glass costs Rs.700 to 800.

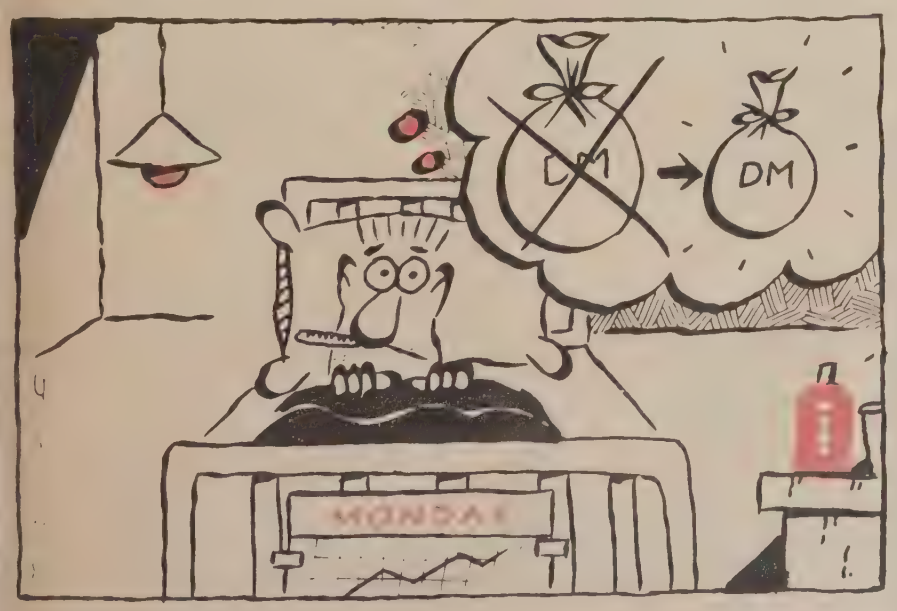
The stolen parts find their way into the black market and the owner after having learnt a bitter lesson gets grills fixed over the indicator lights and screws down the rubber lining on the side of the windows (secured with a steel strip in the older models but done away with in the new ones) at an extra cost.



Fakers all?

Reduction of wage payments in cases of sick leave extending up to three days, an issue raised by Klaus Murrmann, president of the employers' association of Germany has started a controversy. Murrmann's reasons may well have been based on a survey of 295 companies.

According to the survey, Mondays and Fridays were found to be the favourite sick days. Taken as a percentage of the total, 31 per cent of sick leave was taken on Mondays and 37 per cent on Fridays compared to 10 on Tuesdays, six on Wednesdays and 16 on Thursdays.



All work and no play

According to the *Boston Sunday Herald* of October 1958, a Boston office manager, cleaning out a file in preparation for his firms move to a new location, came across these office rules for 1872. He wanted to read them to his office force, but the members were out on one of the day's several coffee breaks.

The office orders in 1872 were as follows:

- Office employees each day will fill lamps, clean chimneys and trim wicks. Wash windows once a week.
- Men employees will be given an evening off each week for courting purposes, or two evenings a week if they go regularly to church.
- After 13 hours of labour in the office, the employee should spend the remaining time reading the Bible and other good books.
- Every employee should lay aside from each payday a goodly sum of his earnings for his benefit during his declining years so that he will not become a burden on society.
- Any employee who smokes Spanish cigars, drinks liquor, frequents pool and public halls or gets shaved in a barber shop, will give good reason to suspect his integrity and honesty.
- The employee who has performed his labour faithfully and without fault for five years, will be given an increase of five cents per day in his pay, providing profits from business permit it.

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PICUP — creating a whole new world of industrial investment

Tatas' new acquisition

Tisco has recently invested Rs.50 crore to acquire state-of-the-art computerised technology for automation. It has just acquired an IBM ES/9000 mainframe to be installed at its Jamshedpur plant. The ES/9000 is part of the series 3090 family of mainframes. The cost of the entire system is about Rs.50 crore, and it comes with 500 terminals running under the MVS operating system — the DB2 database system. IBM had earlier picked up an order for Vizag Steel Plant. Its main strength lies in the software available on mainframes for the steel industry.

Going on a privatisation binge

One of the measures the new state government headed by Jayalalitha in Tamil Nadu is supposed to be considering is privatisation of passenger bus transport. Of the 15 transport corporations in Tamil Nadu, the Pallavan Transport Corporation in Madras and Nesamani Transport Corporation in the Kanyakumari district enjoy total monopoly in passenger transport. All the other districts have private transport companies operating in some segments at least.



Jayalalitha: new policy

Today, in spite of there being a few private bus owners, the state transport corporations enjoy a near monopoly in the field. Interestingly, while the government-owned bus companies in most states lose money, at least two of the Tamil Nadu corporations are making profits. Will there be any takers for such companies, and if so, at what price?

Is it in time?

Videocon Appliances Ltd, the second largest company in the Videocon group, has finalised the details of its next rights-cum-public issue. The total size of the issue is Rs.80 crore. Each fully convertible debenture of Rs.200 will be converted into four equity shares of Rs.10 each at a premium of Rs.40. The issue is scheduled to open by end August this year. Since the company's share is now quoted in the market at Rs.115 each, the issue looks quite attractive. But if the fall in the market continues in the coming weeks, the gap will be greatly reduced, making it difficult to sell the issue.

Victim of excise hike

The latest casualty of the last hike in excise duty on polyester staple fibre (PSF) is the Baroda-based Ahmedabad Manufacturing and Calico Printing Co, popularly known as Calico and once the proud flagship of the Sarabhai group. The Baroda-based PSF plant owned by Calico is the third unit on the selling block, after ICI's Thane plant and RPG group's India Polyfibres. The plant, one of the oldest in the industry, has a capacity of 8,000 tonnes per annum.

In addition to the existing plant, a new PSF plant bought five years ago by the company is also up for sale. The new plant, which has a capacity to make 7,500 tonnes of PSF per annum, is lying in the company's warehouse in a packed condition. In 1989-90, the unit sold Rs.28 crore worth of PSF while the company's total sales was Rs.60 crore. Given the slack conditions in the PSF market, these two plants will probably be sold for a song.

Meanwhile, Calico is once again looking for a buyer for its subsidiary company, Ilac Ltd. Earlier, Abhay Oswal of Oswal Agro had agreed to pay Rs.50 crore for the company which has a caustic soda and PVC plant at Chembur, Bombay. Now that Abhay Oswal has backed out, the search is on for a new buyer.

A change of face

The Bangalore-based liquor giant, Khodays, will soon invest Rs.9.5 crore in a tissue-culture project. It will be a 100-per-cent EOU and should go on stream in December 1991. To be located near Khoday's brewery at Kanakapura in Bangalore, the project will aim at exporting 50 million tissue culture plants to France every year. The greenhouses for this project will be provided by a Dutch company, Geerlefs. Khodays is also planning to grow flowers at this project-site and later, vegetables.



The company is also toying with the idea of exporting diamonds. It plans to take a quarter million diamonds every year, polish and export them. Incidentally, the chairman of the Khoday group, Ramachandra Khoday, has gained an NRI status.

An ambitious Africa plan

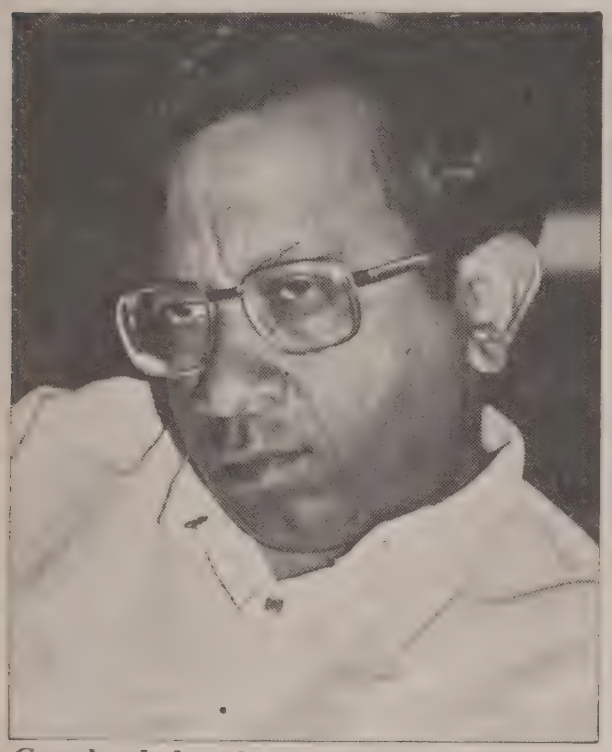
The Taj group has drawn out an ambitious plan to run hotels in African countries like Zambia, Morocco and Zimbabwe. While the Moroccan resort, being set up on a 2,000-acre estate, will open for business in January 1992, talks are on with tourism authorities in the other two African countries for taking up management contracts to run some existing hotels there. The three hotels which the Taj is to run in USSR — in Uzbekhistan, Samarkand and Bukhara — will also become operational in a year's time.

SREE RAYALASEEMA PAPER MILLS

Back to the drawing board

On 18 June, Duncan Agro, the G.P. Goenka flagship company, was supposed to formalise its takeover of the sick Sree Rayalaseema Paper Mills, based in Kurnool in Andhra Pradesh (see *Business India*, 13 May 1991).

Instead the meeting ended with the Board for Industrial and Financial Reconstruction (BIFR) asking for bids from those interested in taking over the company: Duncan Agro, the Thapar's Ballarpur Industries and J.K. Straw Products.



Goenka: belated discovery

The reason was that Duncans had asked for a Rs.30 crore addition to the existing Rs.30.09 crore draft rehabilitation scheme.

Says G.P. Goenka, "I have not changed my mind at all. What I have done is to ask for some changes — may be quite drastic — in the draft scheme." Four factors, three of which can be quantified and which will cost Rs.10 crore each, led him to ask for this upward revision. They are: the cost of paying back wages to labour, restoring power to the factory and repaying a portion of the debts the company incurred. Yet why Goenka found all this out so late in the day remains mysterious.

Yet the factor which could jeopardise the takeover most is that of shareholding. According to Goenka, T.G. Vasantha Gupta, the original promoter, has said that he could deliver only 14 of his original 42.84 per cent holding. "I believe that Vasantha Gupta sold the bulk of his shareholding to Ballarpur Industries. A small part may be lying with some agents and middlemen," claims Goenka.

A spokesman for Ballarpur Industries denies the charge. Though he does confirm that Ballarpur is once again bidding for the company. What transpires next remains to be seen.

■ KAVERI MITTRA

AIR ASIATIC

Grounded

The Madras-based private air taxi service, Air Asiatic (AA) (see *Business India*, 15 April 1991) is without an aircraft following the deregistration of its only aircraft by the director general of civil aviation (DGCA). Earlier, *Business India* had quoted industry sources as saying that the company was facing a financial crisis, but K.C.G. Verghese, its chairman, had denied this.

Early trouble. Apparently, AA's troubles started from the time operations commenced, when Verghese and his NRI partner, Thomas George, developed differences. George, it is learnt, wanted considerable control in the affairs of the company as he held nearly 30 per cent of the shares, though Verghese brushed this aside as merely a board problem which would be amicably settled later.

Operations of AA came to a standstill from 4 June, nearly eight months after it went into business. The plane had developed a snag in one of the engines and needed major overhauling.

As things stand, Asiatic has asked the lessor, International Air (IA) to replace the engine or bear the cost of repair. The latter has refused to do so on the ground that there is no provision for repair or replacement in any of the contract clauses. Marketing director Richard L. Brown who is in the country to reclaim the plane says that Air Asiatic owes them around dollars 6,00,000 towards lease fees plus interest, spare parts worth dollars 3,00,0 and maintenance fees. However, Verghe denies this and says that the lessor fai to provide a satisfactory maintenan backup.

International Air then requested t DGCA to deregister the aircraft followi non payment of dues though Verghe claims that he sought the deregistrati of the plane as IA didn't honour t agreement to repair the aircraft.

■ A.S. PANEERSELV

ESSEN COMPUTERS

Caught in a jam

On 21 February, 1991 Essen Computer the Gandhinagar-based manufacturer personal computers was raided by the D rectorate of Revenue Intelligence. Esse Computers is one of the four companie belonging to the Essen group (see *Bus ness India*, 18 February 1991). The arti cle projected Essen as a winner bu events proved us wrong.

Today, four months after the raid, show cause notice is yet to be issued t Essen. Company sources claim they ca release no figures about the company's performance as all the relevant papers were seized in the raid. However indications are that this year's would be about Rs.12 crore, against Rs.27.3 crore last year.

Demand for the company's machines already in a slump because of low sales to the government sector, has been further hit by the beating Essen's image has taken because of the raid and because of the recession in the computer industry.

No production. Although senior managers claim not a single employee has been fired, indications are most of the employees have been sent on a couple of months compulsory leave and production has ground to a halt. The company's chairman, Apoorva Parikh, was in Dubai exploring possible export markets for the company and was unavailable for comment at the time this report was filed. Senior managers say the company will target more exports to general currency areas.

■ NEERA SETHI in Gandhinagar and AROON SARKER in Bombay

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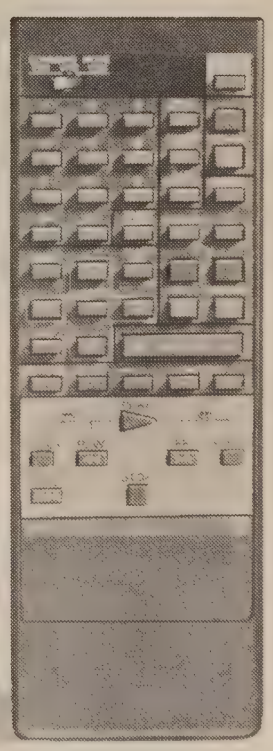
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ECONOMY

Disclosure exercise begins

The development finance institutions (DFIs) are in the process of incorporating major changes in the accounting policies on their balance sheets. The changes have been demanded by the World Bank as a condition to sanctioning a loan to the financial sector. This will involve a proper disclosure of their sick industries' portfolio and bad debts, besides, a change in the accounting from accrual basis to cash basis.

Swiss credit for India

Switzerland will extend a mixed credit line of Rs.140 crore for financing the import of capital goods and services of Swiss origin. This advance is for the execution of high priority development projects. The credit will be concessional, with 40 per cent as grant and 60 per cent as export credit, financed by a consortium of Swiss banks. The funds will be available to both the private and public sectors.

Export strategy shift likely

The commerce ministry is expected to draft the export strategy paper afresh. This will be done taking into consideration the views of the other ministries concerned. Issues like exchange rate policies, REP licences, depreciation of the rupee to push exports and budgetary allocations will be seriously considered in the new paper.

Another downgrading

Moody's Investors Service, a leading US credit rating agency, has further downgraded India, from the investment grade to the speculative or non-investment grade.

More gold swaps

The Indian government is likely to make further gold swaps up



to 30 tonnes, as against the earlier 20 tonnes. Actual sales also cannot be ruled out in view of the foreign exchange shortage.

Banks to enter capital market

The government is seriously considering a proposal to allow public sector banks to enter the capital market to improve their paid up equity base. In the Eighth Plan, banks will require almost Rs.3,000 crore to augment their capital base.

No advance licences for PSF

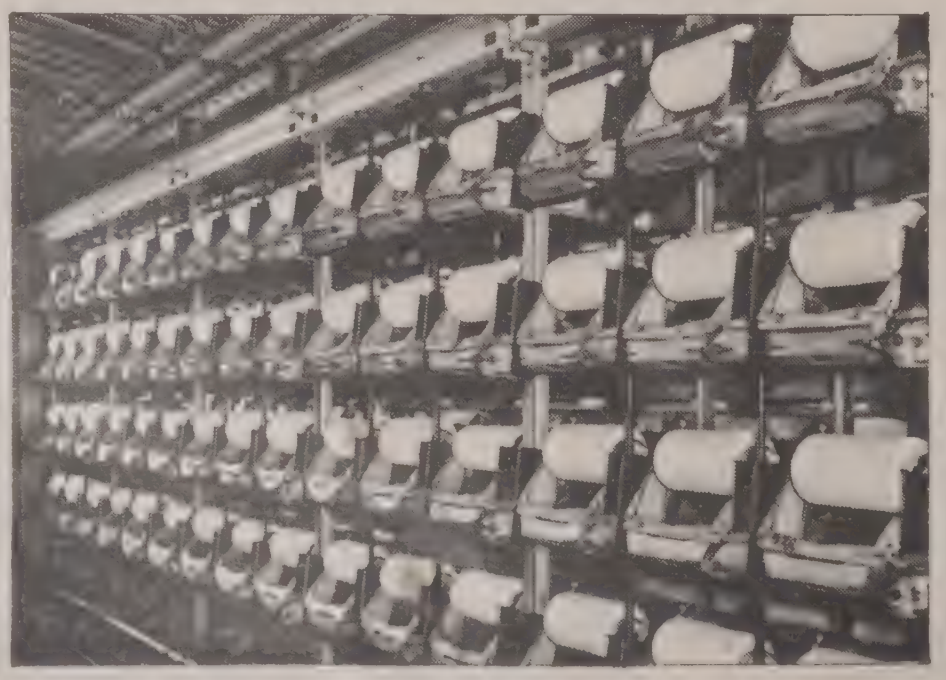
The Union government has stopped issuing advance licences for the import of polyester staple fibre for export production. Instead the government has begun issuing advance release orders for the supply of fibre from indigenous producers.

Loan for oil imports likely

The World Bank is likely to extend a $300-million loan to finance India's oil import bill. The loan is to be the first instalment of a larger loan. Though the World Bank has finalised its negotiations, the loan can be approved only as a supplement to the IMF loan.

Privatisation of NTC and CCI

Preliminary inter-ministerial discussions have started on privatising the National Textile Corporation (NTC) and the Cotton Corporation of India (CCI). The heavy loss of Rs.3,000 crore incurred by the NTC in running 125 mills is believed to have been the main factor which influenced the finance ministry to start the process of privatisation.



CORPORATE

L&T makes reactors

Larsen and Toubro has manufactured the country's first hydrocracker reactors. These reactors, used in hydrocracker plants, have been delivered to Gujarat Refinery, a subsidiary of Indian Oil Corporation Ltd. Each of the two reactors manufactured at L&T's Hazira Works in Gujarat is 23m long, 3.35 m in diameter and weighs 430 tonnes. The reactors were manufactured using high-strength



materials like chromium and molybdenum alloys, critical welding and cladding equipment and skills and specialised heat treatment.

They will be used for converting low-value heavy residues into valuable middle distillates like kerosene and diesel.

DEIL gets Unilever contract

Bangalore-based Digital Equipment India Ltd (DEIL) has signed an MoU with Unilever of India for the implementation of Unilever's national computerisation programme. DEIL will provide hardware, software, training and related support services for the implementation of the group's information technology plans in India over the next five years. DEIL bagged this contract despite strong

competition from Hewlett Packard.

Pilot implementations will begin later this year. Although the project covers all companies of the group, the first phase of implementation will cover only Hindustan Lever, Lipton, Ponds and Brooke Bond and their over 76 plants, 40 branch offices and 2,000 depots.

Nestle-Khaitan tie-up

Calcutta-based B.M. Khaitan group has tied up with Nestle S.A, Switzerland to set up a

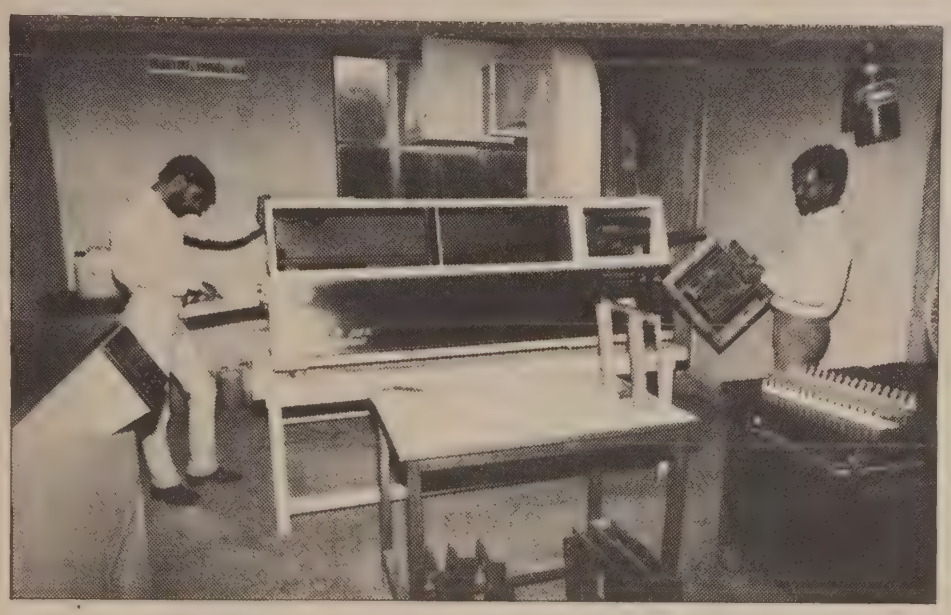


joint-venture project for manufacturing soyabean-based products. The Khaitan group will hold 24 per cent while the Swiss company will hold 40 per cent of the Rs.30-crore paid-up share capital of the company. A new company, Nutritional Food Products India Ltd has been promoted for the project.

Total project cost is expected to be Rs.60 crore. The unit will be set up at Samalkha in Haryana with commercial production commencing by mid-1992.

Defective exports by HCL

Hindustan Cables Ltd (HCL) is spending nearly Rs.20 lakh to take back consignments worth Rs.1.53 crore rejected by the Singapore Telecom Authority (STA) after carrying out quality checks. The two-month deadline



which the STA had given HCL to clear the defective cables expired on 15 June. The STA is expected to charge a further penalty to compensate for this delay.

The total value of the STA order was Rs.2.6 crore. HCL had already paid Rs.28 lakh as liquidated damages to STA for late delivery and replacement of defective cables.

Revival of Kothari General Foods

The Industrial Credit and Investment Corporation of India (ICICI) has recently worked out a detailed package for the revival of Kothari General Foods (KGF). The total cost of the package is expected to be Rs.43.91 crore. At the outset, the package has okayed the takeover of KGF by the cash-rich multinational Brook Bond India Ltd (BBIL). The exchange ratio recommended by the Board for Industrial and Financial Reconstruction (BIFR) is one equity share of BBIL for 22 of KGF.

TOMCO's ceramic venture

Tata Oil Mills Company Ltd is entering into a collaboration with a British company to manufacture bone china mixed tableware. A new company, Tata Ceramics Kerala Ltd (TCKL) has been incorporated for this purpose and a 100 per cent export-oriented unit will be set up at Cochin Free Trade Zone.

TOMCO will invest 50 per cent of the equity in TCKL with the foreign collaborators investing 30 per cent. The balance will be invested by a Kerala government undertaking, Kerala Ceramics Ltd, and financial institutions.

WIMCO to shut down unit

WIMCO Ltd has decided to shut down its Port Blair manufacturing unit from 1 August. The 62-year-old unit employing 250 workers is the company's largest match splint manufacturing unit. The unit supplies match splints to all the five factories of the company which have an estimated annual requirement of 55,000 million splints.

The unit's operations have become unviable due to operational costs and the government's recent restrictions on felling trees by private parties.

Thapars VSF project okayed

Andhra Pradesh Rayons Ltd, a Thapar Group company promoted by Ballarpur Industries Ltd has obtained central government clearances under the MRTP Act for setting up a 25,000 tonne capacity viscose staple fibre project in Andhra Pradesh. The AP-based project is estimated to cost Rs. 85 crore.

WB aid for ONGC project

The World Bank has cleared $450 million assistance for the $2.8-billion Oil and Natural Gas Commission's (ONGC) gas flaring reduction project. Of this, $50 million is expected to be disbursed immediately.

The bank has laid down two conditions for disbursement — announcement of revised natural gas prices and fourth round of bids by foreign companies for oil exploration.

ECIL exports mainframe

Electronics Corporation of India Ltd (ECIL) has exported its first mainframe computer to Thailand where it will be used for census operations. The state-owned company has a technical collaboration with CDC of the US for production of 830 and 930 series mainframe computers.

Mothercare enters Gulf

Mothercare India, which retails childrenswear and other items through its chain of stores in the country, has tied-up with a leading group in the UAE to set up a franchise chain of 'Little Kingdom' departmental stores in the Gulf. Initially, three stores will be opened in Dubai, Sharjah and Abu Dhabi.

TELCO for passenger cars

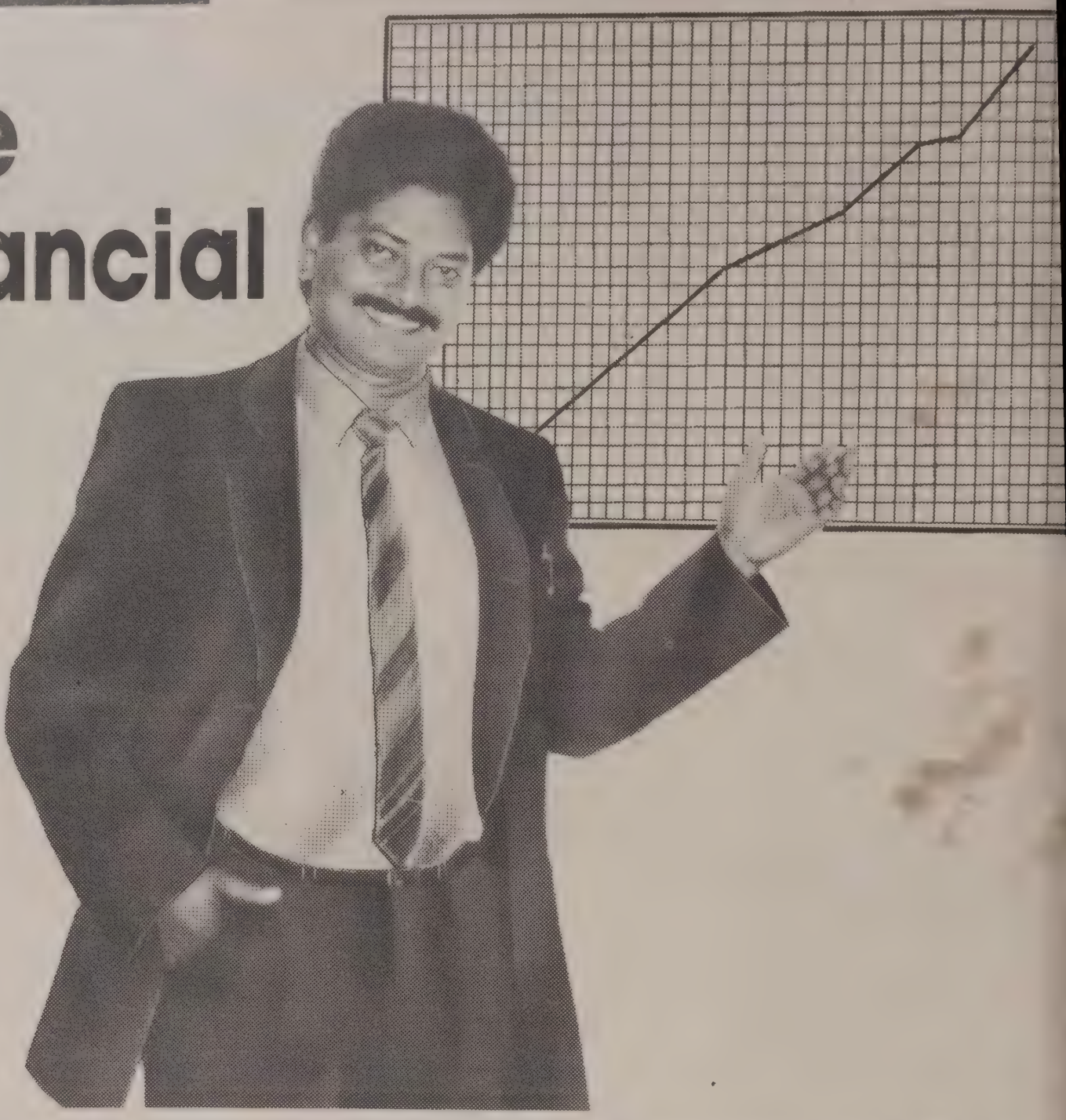
Tata Engineering & Locomotive Ltd (TELCO) plans to manufacture a new medium-sized passenger car in the next three or four years. The car, to be powered by a 2.3 litre petrol engine, will be targeted at the premium-end of the market. It will be similar to the Toyota and Hyundai models but developed indigenously.

TELCO proposes to make around 30,000 to 40,000 cars per annum. Meanwhile two new models are expected to be marketed from next month.

Bengal Lamps takeover stalled

Philip India's bid to take over Bengal Lamps Ltd has been stalled following the banks, fi-

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nancial institutions and workers' unions deciding to support the revival of the sick unit. The two dissenting factions within the management have overcome their differences and mutually consented to work together. In view of these developments, the Appellate Authority has decided that there is no need for a new management to take over.

The Board for Industrial and Financial Reconstruction had earlier declared the company sick and had appointed the Industrial Reconstruction Bank of India (IRBI) as the operating body to prepare a rehabilitation scheme.

INDUSTRY

Textile exports up

Exports of synthetic and rayon textiles have increased from Rs.600.87 crore in 1989-90 to Rs.630.87 crore in 1990-91, an increase of 5 per cent. Of the total exports, fabric exports accounted for 50 per cent at Rs.346.35 crore. The target for export of synthetic and rayon textiles for the current year has been set at Rs.850 crore.

Less coal for textile mills

Textile mills in Madhya Pradesh are facing a shortage of coal as a result of a recent ban by the Railway Board on movement of coal from the South Eastern Coal Fields Ltd to non-core sector consumers, and the concentration on supplies to core sector consumers like power houses and cement factories.

V. Chaudhary, secretary, M. P. Textile Mills Association says that the supply to non-core sector consumers has come down substantially since April.

Cotton policy reviewed

The cotton advisory board (CAB) has agreed to adopt a more cautious policy with regard to the release of export quotas for the new season. Quota releases will be coordinated with the quantity of cotton cropped in the first few months of the 1991-92 season.

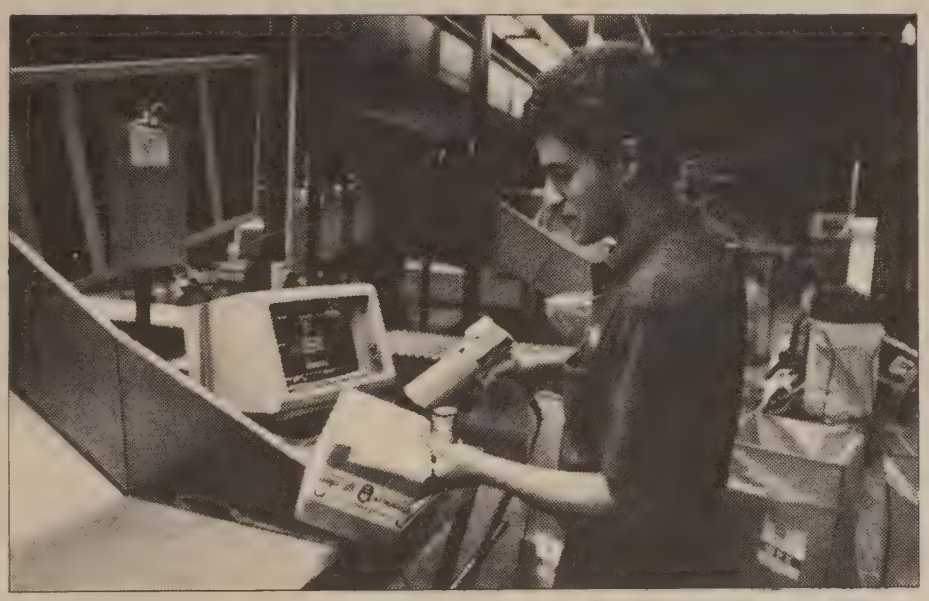
The current policy of releasing indiscriminate quotas has, according to the textile mill owners, resulted in a 60 per cent rise in prices of some varieties of cotton between September 1990 and April 1991.

Air cargo exports down

Export figures from the Indira Gandhi airport at Delhi show that air cargo export in terms of tonnage has dropped by 11.9 per cent in January, 14.5 per cent in February, and 7.9 per cent in March this year, as compared to the same period last year. Airline officials say that many international flights are therefore operating at 60 to 65 per cent capacity.

Craft training in Kashmir

The government has, to date, set up 152 handicraft training centres in Kashmir to train about 4,000 weavers every year. While Rs.22 lakh has been alloted to continue the training facilities, Rs.18.60 lakh has been sanctioned for the current financial year for holding exhibitions outside the state by Kashmir-based organisations.



DIARY

EVENT/VENUE/ DATE	ORGANISER
Programme on Indirect Taxes — Work Contract at NMIMS Campus, Bombay on 25 July 1991	Management Development Division — Narsee Monjee Institute of Management Studies, Vile Parle (W), Bombay 400 056 Tel: 6143177
Workshop on World Classs Manufacturing at SeaRock Sheraton, Bombay from 5 to 7 August 1991	Creative Communication and Management Centre, 2nd floor, Raja Bahadur Building, 8 Ambalal Doshi Road, Bombay 400 023 Tel: 273006
Fund Managers' Course — A Certificate Course at UTI House, Vashi from 12 to 23 August 1991	UTI Institute of Capital Markets, Plot No. 82, Sector 17, Vashi, New Bombay-400 703 Tel: (0215) 672205
Seminar on Testing Switchgears and Metering Systems at Hotel Taj Mahal, Bombay on 30, 31 August 1991	Western Consulting Group, 5, Profit Centre, Gold Fields Plaza, Sasoon Road, Pune 411 001 Tel: 661579

Sugar output up

Production of sugar has gone up by 1 million tonnes (mt) during the first seven months of the current sugar year (October 1990 to September 1991) as compared to the same period last year, that is from 9.7 mt to 10.7 mt.

Dyestuff exports down

Exports of dyestuffs, intermediates, and associated chemicals during 1990-91 were Rs.506 crore, as against a target of Rs.875 crore. In fact, a review of export targets and achievements released by the Basic Chemicals, Pharmaceuticals and Cosmetics Export Promotion Council (Chemexcil) says that this is even less than last year's exports of Rs.529.80 crore.

Engineering goods exports up

Exports of engineering goods in April 1991 was Rs.175 crore as against Rs.120 crore in April 1990, an increase of 46 per cent. The export target for 1991-92 is valued at Rs.4,100 crore while exports in 1990-91 were worth Rs.3,250. Though this figure was achieved in spite of the Gulf war and the RBI import curbs, it fell short of the Rs.3,400-crore target which had been revised from the earlier target of Rs.3,100 crore.

Powerloom units

An SBI report says that the small scale sector powerloom units have given the large textile mills a run for their money in the past few years because of certain incentives available to them. As a result, these large mills are moving towards separate spinning, weaving, and processing units rather than the traditional composite mills. Of

the 1,100 textile mills, there are about 650 spinning units, 150 weaving units, and 300 composite mills.

LABOUR

Strike called off

The Bombay-based J.B. Chemicals & Pharmaceuticals Employees Committee has called off the hunger strike following the intervention of A.I. Pathan, Maharashtra's additional commissioner of labour. Pathan assured the union that the labour department would take necessary steps to redress the employees grievances. The company representatives did not participate in the meeting.

According to K.R. Aiyar, general secretary of the National Federation of Sales Representatives Union, though the strike has been called off, the union will pursue other matters of victimisation with the government.

Bill on workers' welfare mooted

The new minister of state for labour, K. Ramamurthy said that the pending bill on workers' participation in management will be passed soon. Moreover, another proposed bill on the welfare of construction workers will be placed before Parliament. According to Ramamurthy, the bill on industrial relations, which was withdrawn due to difference on various issues like secret ballot, would be reviewed by the Indian Labour Conference.

Government prohibits MSEB strike

The state government has prohibited the proposed strike by the subordinate engineers of the Maharashtra State Electricity Board (MSEB). The strike has been prohibited under the Essential Services Maintenance Act 1981 as the MSEB is an establishment dealing with essential services of production, supply and distribution of power. According to a spokesperson of the MSEB subordinate engineers' association, by prohibiting the strike, the government was trying to clamp down on them instead of solving their problems.

Goa's new employment policy

As part of a strategy of providing employment to all Goans, the state law minister, Luizinho Faleiro, announced a new employment policy with a package of legislations and directives to various departments. The new policy will make 15 years' domicile in Goa and working knowledge of the official language — Konkani — compulsary for the candidates to get any job in Goa.

Metal Box unit for sale

The workers' union of the Faridabad unit of Metal Box has withdrawn its appeal against the BIFR decision to sell the eight factories of the company. The union's appeal against the BIFR decision was to be heard by the Authority for Industrial and Financial Reconstruction (AIFR).

BIFR has decided to sell the eight units of the company separately as it had been unable to find a buyer willing to take over the company as a whole.

IDL's one-day lock-out

Hyderabad-based multi-crore company IDL Chemicals Ltd avoided a prolonged industrial dispute when it lifted lock-out barely 24 hours after it was declared on 25 June. According to a company spokesperson, the company was prepared to negotiate with the workers rather than to keep the shutters down. The workmens' union affiliated



to HMS agreed to resume duty and also make up for the loss in production caused by the lock-out.

Wage guarantee fund for workers

The International Labour Organisation (ILO) has suggested setting up a wage guarantee fund to help the workers affected by bankruptcies in the industrial sphere. According to a spokesperson from ILO, insolvencies are a daily occurrence in any open market economy system. The Indian industrial sector has been witnessing an increasing number of sick units, affecting both jobs and service conditions of lakhs of workers which eventually end up being insolvent.

LANDMARKS

Kidnapped, K. Doraiswamy, executive director of Indian Oil Corporation (IOC), by militants in Kashmir. Doraiswamy, who was on an official tour to Kashmir to inspect IOC installations, was accosted by the militants at Zewan near Srinagar. Meanwhile, officers and employees of IOC have appealed to the abductors to release Doraiswamy so that the corporation could continue its task of building additional storage facilities for the state.

Awarded, former prime minister Rajiv Gandhi and Sardar Vallabhbhai Patel, known as the Iron Man of India, the Bharat Ratna posthumously. Patel has been bestowed this honour nearly 41 years after his demise on 15 December 1950. Patel, who handled the home portfolio and later India defence, is chiefly remembered for his role in the integration of the princely states to the Union.

Appointed, A.N. Varma, member-secretary, Planning Commission as principal secretary to the prime minister. An IAS officer of the 1956 (Madhya Pradesh) cadre, Varma had earlier held several important positions including the most recent as secretary, industrial development.

Beaten, Tisco, for the first time since 1983, by its Bombay House brethren Telco in the race to be the country's largest company in the private sector. At Rs.2,600 crore, Telco's sales for 1990-91 was Rs.269 crore higher than Tisco's.

Died, Raman Kant Munjal, managing director, Hero Honda Motors Ltd, of a



massive heart attack in Delhi. He would have been 42 on 2 July. Munjal, the eldest of Hero group chairman Brij Mohan Lall Munjal's four sons, and a mechanical engineer from the Manipal Institute of Technology, established Hero Honda in 1984.

Died, Govind Pandurang Kane, industrial advisor to the government of India in the ministry of industry. Son of Bharat Ratna P.V. Kane, an eminent Sanskrit scholar, he contributed much to the formation of the chemicals and fertiliser industries during his tenure at the DGTD. Kane was also a director and consultant to several companies.

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RATAN TATA

While presenting Telco's financial report card for 1990-91 last fortnight, chairman Ratan Tata looked relaxed and confident. He had every reason to be. In a year of economic roadblocks, the country's largest truck manufacturer managed to speed ahead, whizzing past even Tisco, to become the country's largest company in terms of turnover. Sales rose by almost a third to Rs.2,600 crore and profit before tax by 58 per cent to Rs.235 crore. The production level of 81,931 vehicles was 26 per cent higher than last year. On the tax front Telco forked out a whopping Rs.92.5 crore, bringing post-tax profits to Rs.142 crore.

Next year, says Tata, they expect to sell 10,000 more vehicles. Part of the increase will be accounted for by new launches.



The much awaited Tata Estate, a station wagon, and Tata Sport, a sports vehicle (both priced at Rs.3.5 lakh) are due on the roads in July. The project with Daimler Benz to manufacture a world concept truck is off. Instead, Telco will concentrate on improving engine designs with outside help (from Ricardo of UK, for instance) and developing a "home grown, medium-size car" by 1995. At the moment there are no diversifications planned, for, as Tata admits in a moment of candour, "I've matured. I believe that now we should excel in what we're doing."



S.M. SUBRAMANIAN

Last month, financial circles were buzzing with excitement after Indian Bank Mutual Fund floated two new funds. The initial response to both schemes, Ind Sagar and Ind Moti, has been good and the bank is optimistic about the future. "We hope to mobilise Rs.200 crore under the new schemes," says S.M. Subramanian, executive trustee of Indbank Mutual Fund. While Ind Sagar offers 60 per cent tax benefits on capital gains, Ind Moti offers equity growth with annual dividend for over five years. Assured allotments, loans up to 75 per cent from all Indian Bank branches and special cash incentives for early subscribers are also offered.

K.V. RAO

Seven NRIs based in Pennsylvania, USA, are setting up a 100 per cent EOU to manufacture resin ophthalmic lenses, in collaboration with a leading lens company, Vesil spa, Italy. The new company, Techtran Polylenses Ltd, is located in Bonthapalli, Andhra Pradesh, and has an annual capacity of 5 million pieces. According to chief promoter K.V. Rao, the annual turnover of the plant in 1992-93 is expected to be around Rs.6.5 crore.

These seven highly trained technologists have together invested nearly Rs.2.23 crore in the plant and plan to raise another Rs.16 crore from financial institutions and Rs.3 crore through a public issue. The company has already entered into a firm sales agreement with their collaborator and two other leading Italian distributors.



JOSE PAUL

He is perhaps the only port official in the country who has successfully completed a thesis on port management. Now Jose Paul can boast of another achievement: turning around the New Mangalore Port Trust (NMPT). Before he took over as the deputy chairman of NMPT, its image in international shipping circles had sagged to such a low level that ships had started avoiding the port. Thanks to frequent labour troubles and intermittent disruption of work, the confidence of the shipping community had been badly shaken. After he took over, Paul helped NMPT repair the damage through a series of measures: bringing forwarding agents under management control; introducing attractive incentive schemes for cargo handling labour; changing traditional shift timings, etc. The result: productivity went up 25 per cent and traffic registered a substantial growth over the previous year. Says Paul, "NMPT has a bright future. By the year 2000, it will be considered one of the major ports of the country along with Bombay, Madras and Vizag."



T.K.K. BHAGAVAT

Bank of Maharashtra (BoM) became the latest bank to jump on the credit card bandwagon when its CMD, T.K.K. Bhagavat, signed an agreement with Bank of India. With this agreement, BoM has tied up with Indiacard as well as Mastercard International. Says Bhagavat, "The uniqueness of this tie-up is that although we are affiliated to Indiacard, we have total freedom to enrol our own member establishments. At the same time we have access to the infrastructure already created by Indiacard. This will not only be cost-effective, it will also help us take off faster." Indiacard al-



eady has 15,000 member es-ablishments and a host of ther nationalised banks asso-iated with it. BoM has set a tar-et of issuing 15,000 cards in its irst year in the card business.

J.C. BASU

Trinity Die Forgers is forging ahead with new expansions. Last fortnight, the company added two CNC machines at an investment cost of Rs.1.5 crore. Chairman J.C. Basu says this will not only increase the value added to the finished forgings by 50 per cent, it will also help his company meet the demands of Maruti Udyog for machined parts. Maruti has selected Trinity to be one of the suppliers for its new YE2 export model.

The new machining division will also help Trinity cater to the West German finished parts market. Trinity Die Forgers, which had sales of Rs.16 crore last year, exported forgings worth about Rs.2 crore.



H.C. CHUGANEE

"Suddenly, China has become a potential trade partner for India, "claims H.C. Chuganee, just back from that country. Chuganee, chief executive of Indofil Chemical Co and president of Indian Chemical Manufacturers Association (ICMA), had recently led a seven-member delegation to explore the opportunities for increasing bilateral trade in chemicals between the two countries. The trip turned out more fruitful than



expected as some members actually ended up signing the intent to co-operate through transfer of technology and joint ventures in the areas of engineering plastics, electronic chemicals and drugs and pesticides.

N. C. SINGHAL

Trust ICICI babies to sprout wings quickly. The shareholders of the Shipping Credit & Investment Corporation of India Ltd (SCICI) recently approved a resolution enlarging the company's objects to include energy, telecommunication and tourism. Says SCICI managing director, N.C. Singhal, "SCICI will now be able to assist enterprises related to conventional and non-conventional energy, infrastructure and equipment manufacturers in telecommunication and hotels and resorts." SCICI, which went public in February this year, notched up a profit before tax of Rs.34.27 crore in 1990-91 and declared a dividend of 15 per cent.

JACK CHANG

One of the four tigers is now eyeing India. Taiwan, which made its reputation as a world class supplier of various goods, is now finding it difficult to compete in international markets because of rising wages in its domestic market. So it is doing the next best thing: tapping suppliers abroad for its raw materials. That explains the recent visit of a Taiwanese delegation to Bombay. Led by Jack Chang, managing director, Onelong Corporation, an exporter of PV/PVC synthetic leather and importer of textiles, the delegation members met local businessmen and trade association leaders. "India can become a very good second base for Taiwan," said Chang at the conclusion of the visit. Sponsored by the China External Trade Development Council, the trade mission had two purposes: to look for sources of imports and joint venture opportunities for setting up factories in India.

KEN STRAIN

For Ken Strain, director of 12 Star Technologies, a company in the information technology business in UK, his fourth trip to India will be the most momentous. On this trip he will work out, with Tata Consultancy Services, the modalities for marketing TCS' latest business software product E-X in the UK. Says an ecstatic Strain, "This product has revolutionary features I have not seen anywhere. It should easily become the number one package in its slot." Strain is sparing no efforts in preparing to launch E-X in UK. But before that he will wing his way back to India for the product's formal launch in September.



KAMAL SINGH & LEROY COLE



Leroy Cole, director of manufacturing engineering at Integraph Corporation in the US, was in India for the inauguration of Rolta's workstation manufacturing facility at Andheri, a suburb in Bombay. Here a range of CAD/CAM workstations will be manufactured in technical collaboration with Integraph Corporation. "This facility will have the knowhow to manufacture Integraph's latest products within six months of their launch in the US market," says Cole. The unit will be the first outside the parent company to obtain the technology to manufacture the products.

On the performance of the company, says Kamal Singh, chairman of the company, "I expect to touch a turnover of Rs. 40 crore during the financial year ending 1992." He also hopes to declare a maiden dividend during the same period. Considering how workstations are the fastest growing segment in the industry, Singh might manage to do just that.

The Thapar Group



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AI AIR HOSTESSES

Going on the war path

On 7 July 1991, 45-year-old Michiko Mochizuki, will file a writ against her employer Air India in the Tokyo district court, for the right to serve it as an air hostess, till she is 58 years old. In doing so, she will be spearheading the current agitation by the Air India Hostesses Association (AIHA). The agitation is being undertaken to force the airline to follow a directive issued by the Indian government in October 1989 that stipulated that the age limit be raised from the present 45 years to 58 years for the air hostesses on flying duties. Meanwhile, Dawn Biladvala, a Bombay-based air hostess, who turned 45 on 17 June, is appealing to the Supreme Court, against a Bombay high court verdict that was not in her favour.

Parliamentary enquiry. The government directive raising the age limit to 58 was issued to Indian Airlines and Air India on 16 October 1989, following an enquiry by the petitions committee of the Indian parliament on behalf of the air hostesses. The directive sought to do away with discrimination against women employees (air hostesses) and put them on a par with men (flight pursers). While Indian Airlines had promptly obeyed the government's directive, Air India has steadfastly ignored it for the last 20 months.

Air India's contention is that there was no government directive and that, "if there were one, the airline would promptly adhere to it". A significant point which may cause controversy in the Supreme Court would be the letter purported to have been received by Rajan Jetley, the then chairman and managing director of Air India, from the aviation under-secretary which, according to Air India, nullified the government directive. On the other hand, the statements of the minister for civil aviation, even after the date of the under-secretary's letter are in the air hostesses' favour.

There are at present 11 air hostesses above the age of 45 with the Indian Airlines who have been allowed to fly. "If they clear the medicals, we will allow them to fly," confirmed an airlines spokesperson. Air India's objection to air hostesses continuing to fly after 45 seems to be based on the conjecture that permitting them to fly beyond this age would not augur well for the airline's image, given the industry's intensely competitive environment. In fact, in a meeting with the civil aviation minister, Jetley had been quoted as saying that "the air hostesses will not look presentable enough once they cross a certain age."

Of the 970 air hostesses currently on AI rolls, at least 50 are due to retire by 1993 when they turn 45. However, the AIHA is determined to fight for the acceptance of the government's directive by the airline. "The air hostesses have always been discriminated against by the airline. When we are grounded, there is only a marginal raise in salary but the promotional avenues and the job functions remain despicable. In the past, whenever we fought for our rights and lost, we were dejected, but this time the fight will continue all the way," says Ruheen Khambatta, who took over as association president in 1988.

Bhiladvala, fearing the end of her air hostess days, had moved the Bombay high court in April this year. Her petition was accepted by the court on 11 June but the only relief offered was continuation of her salary while the court took a final decision.

Not binding. On Air India's part, its court affidavit says that Indian Airlines' accepting the government's directive is not binding on it. "The two jobs are not comparable. The two airlines operate in totally different environments. Indian Airlines has a monopoly of operations in the domestic sector. Air India does not enjoy a monopoly. The duties performed by its air hostesses are also different," says Jitender Bhargava, the Air India spokesperson, "the airhostesses only want to protect their allowances, which are very lucrative," he adds. The affidavit also cites various medical reasons for considering the air hostesses unsuitable to continue beyond the age of 45 years." Age takes its toll in terms of reflexes, and we are a service-oriented airline," says Bhargava.



An Air India airhostess: discriminated against?

However, Air India will now be in for a tough time with the All-India Cabin Crew Association, a recognised union, joining hands with the Air India Hostesses Association, which has not been recognised by the management. In Mochizuki's case, the Tokyo high court had earlier asked her whether she was satisfied with the raising of the age limit to 58 years, because Japanese regulations permitted them to continue till 62 years. In October 1989, the airlines had assured the court that she would be allowed to retain her present job. Though she was allowed to continue for five months, the airline reneged on its promise in March last year.

Will Air India now succumb? Or will it offer only contractual jobs to air hostesses in the future — a practice that is being successfully followed by other airlines in the Asia region? The verdict of the Supreme Court may, perhaps, settle the issue once and for all.

■ DEVENDRA TAK

LIFE INSURANCE

A new high

It was celebration time at the Life Insurance Corporation (LIC) last month when word got round that the monolith had created a new record in 1990-91 — it had insured 10 million lives under individual and group life insurance in that period. The corporation has a lot to boast about. It sold 8,648,192 policies for an assured sum of Rs.28,152.16 crore under its various plans for individuals. Again, as many as 11,823 new schemes covering 1,720,232 lives for a sum of Rs.3,392.05 crore were marketed by the corporation under the group insurance scheme.

Over the last 35 years, LIC's business has multiplied manifold, since starting with around 800,000 policies and an assured sum of Rs.283 crore. Today, it offers 25 kinds of policies in all, catering to different age and income groups. The corporation has expanded its network, both in the rural as well as urban areas. The growth rate in the countryside has increased by 35 per cent, while in the urban areas it is of the order of 20 per cent over the years.

Main thrust. Since rural areas form such an important market, 81.60 per cent of the total business in the Rs.5,000 or less category comes from the villages. "The corporation basically caters to the middle or lower middle strata of society and does not depend only on the affluent or the very rich for its business," says M.G. Diwan, the newly appointed LIC chairman.

According to Diwan, a growing number of people are using life insurance as a tax-saving instrument. "Compared to shares, debentures and company deposits, an LIC policy is not only a very secure investment, it also offers tax benefits," says Jyothi Gehaney, a development officer, who alone brought in business worth over Rs.1 crore in 1990-91.

Although this particular category — policy holders as tax savers — forms the bread and butter of the corporation's business, there are some who feel that this defeats the purpose for which LIC was established.

However, one really cannot deny the contribution of this segment of policy holders, as it is this group which has enabled the corporation to become a colossus. Opinions, however, are divided. Many feel that the corporation's progress has been very slow and it could have done a lot better since it has been in a monopoly business for over three decades. Diwan agrees that there is lot of scope for growth, but points out that the sluggish growth of the economy and political instability have prevented the corporation from growing faster.

Although, on the one hand, there has been a boom in business over the last couple of years, on the other, there has been a fall in LIC's share in the savings market. This is primarily due to the lucrative high interest rates offered by other financial schemes like units, the National Savings Scheme and bank deposits.



Diwan: "the concept is unique, different from normal investment"

Diwan agrees that of late the corporation has faced competition from other institutions which have mopped up a large share of the public's savings. But, he adds, "The concept of life insurance is unique. It is different from normal investment." The best recourse, he feels, is that an individual insures himself first and then invests his surplus funds in lucrative schemes.

■ MAHIRA SHEIK

BANK DEPOSITS

Growth rate down

The declining trend in bank deposits has finally become visible. According to the Reserve Bank of India, in 1990-91, although the volume of bank deposits collected in absolute terms has risen, the growth rate has dropped sharply — by 4.6 per cent. Compared to a growth of 19.1 per cent to Rs.1,66,959 crore in 1989-90, deposits have increased by only 14.5 per cent to Rs.1,91,189 crore in 1990-91. And given the successive deterioration in the growth rate of deposits — from an average 22.6 per cent in the seventies to 18.8 per cent in the eighties — the current decline is disturbing.

One reason offered by most bankers for this drop is the growing disintermediation in the financial system which started in 1985. Banks are no longer the sole intermediaries for mobilising money. With mutual funds, the stockmarkets, portfolio management schemes and company fixed deposits offering good returns (12 to 14 per cent), bank interest rates at 5 per cent on savings accounts naturally appear unattractive to say the least. The result has been a natural exodus of money to these new modes of investment, leaving the banking system in a tight spot.

More competition. Government schemes like the National Savings Scheme, National Saving Certificates and Indira Vikas Patras, also offer competition, effectively so, because they are tax-exempt and also offer higher rates of interest. Additionally, large-scale expansion of bank branches, which automatically opened up new areas, has been curtailed since 1985 as the banks moved towards consolidating their networks.

What can be done to correct things? R. Srinivasan, chairman and managing director of Bank of India, feels that banks must become more responsive to public



Srinivasan: deposits must be made more attractive

needs. "Service must be improved and tax and other fiscal concessions must be given to make deposits more attractive," says he.

While the decision to grant fiscal concessions rests with the government, bankers agree that part of the responsibilty to increase deposits is theirs as well. As K. Kannan, Bank of Baroda's general manager points out, "The growth, which was automatic before, is not there. So banks will now have to market themselves better."

Since the urban population already has a variety of investment options to choose from, the key markets to tap would be the rural and semi-urban areas, which have little access to alternative avenues of investment. Banks already have an established branch network in the rural areas (60 to 70 per cent of their total branches in most cases) and that must be utilised optimally. So far the emphasis in the rural areas has been on giving credit. The focus must now shift towards mobilising deposits by marketing schemes which meet the local needs.

Bankers are optimistic about the fact that, with higher investments planned by the centre for rural development, the savings potential in these areas will increase. In a bid to attract more customers, higher interest-bearing, longer maturity deposits are also in the offing. Further, under a recently issued RBI directive, banks will be allowed to open extension counters without the prior permission of the RBI, depending on viability. This will give customers easy access to bank facilities, auguring well for the banks' deposit mobilising efforts.

Ensuring more profits. Of course, by getting into related areas like mutual funds, leasing and factoring, banks have taken steps to ensure growth in profits. But at the end of the day, deposits are still the cheapest source for funds, and if that fund base of the banks is eroded, profits will be affected. If the deposit base is, therefore, to be maintained, banks will have to gear up with new marketing strategies. Otherwise, in a country with a high savings rate of 22 per cent, the average deposit growth rate could well plummet to 15 per cent in the coming years.

■ INDIRA KHANNA and SARAH ABRAHAM

ETHYLENE OXIDE

Good timing

Now that its mono-ethylene glycol (MEG) unit is all set to be commissioned, the Reliance Petrochemicals Ltd (RPL) plant at Hazira, Gujarat, will soon manufacture ethylene oxide (EO). The company has therefore informed dyestuff and dye-intermediates manufacturers in Gujarat that it will be in a position to supply EO from this month onwards.

At present, there are only two manufacturers of EO — Indian Petrochemicals Corporation Ltd (IPCL) and National Organic Chemicals Ltd (NOCIL). And these two can barely meet 50 per cent of the total market demand, which is about 30-35,000 tonnes per annum (tpa) and expected to increase by another 3,000 tonnes in the following year. NOCIL has a licensed capacity to produce 18,000 tpa and at a capacity utilisation of nearly 80 per cent, it produces about 10,000 to 12,000 tpa. IPCL produces about 5,000 tpa which is also its licensed capacity. And the remaining demand is met by exports.

Ethylene, one of the four products obtained after cracking naphtha (*see diagram*), is converted into ethylene-oxide



RPL plant: largest in the country

after direct oxidation. If further processed, it yields ethylene glycol, diethylene glycol and polyethylene glycol. Ethylene oxide is primarily used for manufacturing a wide range of products like pipes, sheathing for power cables, footwear, packaging material, containers and films. It is also used in the production of a wide variety of chemical products like glycol ether, ethanolamine and polyethylene glycol.

Stepping up capacity. Recently IPCL expanded its EO capacity to 5,000 tpa by building a petrochemical complex at Nagothane — the Maharashtra Gas Cracker Complex (MGCC). However, due to the outbreak of fire last November, operations at the plant have been suspended temporarily. But the company hopes to commission the plant soon.

RPL's EO plant is the largest in the country, with a capacity to manufacture 10,000 tpa of EO and about 60,000 tpa of MEG. Although RPL has plans to raise its MEG capacity to 100,000 tpa, whether it will also raise its EO capacity is still uncertain. Experts point out that RPL's sole purpose for setting up the plant is to produce MEG which is the basic raw material for the polyester industry.

Apart from RPL, SM Dyechem is also gearing up to commission its EO plant near Pune in the latter half of 1992. The company will produce about 10,000 tpa of EO which will be partly for captive consumption and partly for sale. According to senior manager (projects) D.B. Vaidya, once the plant is stabilised, the company plans to increase captive consumption and market more EO-based products.

Balance likely. With two new entrants in the industry, there could be be a glut in the market. But according to D.M. Balsaver, vice-president, marketing, NOCIL, "Now there will be an additional capacity of about 20,000 tonnes, taking the total capacity to about 38,000 tonnes in keeping with the existing demand. In fact it is likely to balance the situation."

Although dyestuff manufacturers hope that with RPL starting production, the market situation will even out, there are varying views on whether RPL will be in a position to start production from July. As one expert says, "Even if RPL is to supply EO in July, its MEG plant should have been commissioned by now."

Nevertheless, as far as the industry is concerned, RPL's move to get into EO production could not have been timed so well — though slightly delayed.

■ MAHIRA SHEIKH

FOREIGN AIRLINES REMITTANCES

RBI softens stance

Following a meeting between the representatives of the foreign airlines and the Reserve Bank of India's (RBI) joint controller (foreign exchange) in Bombay earlier this month, the RBI acquiesced to relent on the four-month deference of remittances by the airlines, and instead agreed to permit remittances after only a four-week delay.

Normally, foreign airlines are allowed to remit 90-95 per cent of their surplus funds to their headquarters, but this time the airlines' banks had been ordered by the RBI in May to allow only half that amount, without explaining when permission would be granted to remit the balance. But now, all the major foreign airlines find that the RBI has indeed kept its word, and remittances for April have been concluded in the last week of May.



Singapore Airlines office: no adjustments in operations

Reason to worry. Since the foreign airlines remit an estimated $ 200 million annually, they had several reasons to be unhappy with the RBI's unprecedented decision to defer remittances. First, the steady devaluation of the rupee was a matter of concern for them. Second, the airlines were losing out on interest since the surplus funds do not earn any interest. And third, the RBI's sudden decision had led to cash flow problems since airlines like British Airways conduct their settlements on a monthly basis, and the worldwide recessionary situation only complicated the situation further.

Though no formal order was passe the RBI had, by word of mouth, indicate in end April that they would not allow a hoc remittances due to the balance payments crisis. They would, it wa stated, only permit half of the normal re mittances, which amount to 90-95 pe cent of the airlines' surplus. They had no mentioned when the remaining amount would be accommodated. The bigger ai lines such as Lufthansa had seriousl considered reducing their freight opera tions in India, since delayed remittance severely jeopardised their working style.

"Fortunately there has been an im provement in the situation," says a for eign airline source. "However, the good news will be when remittances are nor malised. But with a new government now having taken charge, there is hope that the situation will soon be remedied."

While airlines such as British Airways remit $20 million a year, smaller ones such as Singapore Airlines remit about Rs 60 crore a year. "Recent clearances show that the RBI is being true to its word," says Stephen S.W.Chu, general manager (India), Singapore Airlines. "Our feeling that this was a temporary phenomenon is therefore confirmed. Since we have long-term commitments here, we do not see any need to make adjustments in our operations. Though the 2-3 per cent weakening of the rupee in four weeks' time has been a prime cause of concern."

■ DEVENDRA TAK

MBATTUR INDUSTRIAL ESTATE

Plagued by problems

One of the largest industrial estates in South Asia, the Ambattur industrial estate, located in the suburbs of Madras, boasts an annual turnover exceeding Rs.1,000 crore. The 1,470 units located in the estate which have a 126,000 strong work force, paid Rs.50 crore as excise duty in 1990-91, an annual sales tax of Rs.80 crore and exported goods valued at Rs.60 crore.

Multiple problems. Yet, this 28-year-old industrial estate — which houses some large companies like Crompton Greaves, Indian Oxygen and Godrej Soaps, about 110 medium scale companies and about 1,250 small scale units — is plagued with multiple problems. In all, about 140 units have been declared sick and another 40 units have been closed down. Some of the problems faced by the units are common to medium and small scale industries all over the country, while others are peculiar to the estate.

More than 850 units in Ambattur are ancillary manufacturers and their fate is directly linked to that of the large units and public undertakings. Most of the latter, in turn, depend on the the automobile industry. These units, badly affected by the prolonged recession in the automobile industry and limping back to normalcy, are now hit once again by the credit squeeze. Most of the large units have suspended the clearance of bills due to paucity of funds. As a result, 70 per cent of the working capital of the smaller units is locked up.

The Small Industries Development Bank of India (SIDBI) has a plan to bail out the small sector. According to this plan, it has offered loans up to Rs.3 crore at a nominal interest rate of 6 per cent to large units to clear the bills of the small scale units. But the tenants of the Ambattur industrial estate maintain that no large unit has come forward to clear the backlog.

No raw material. A major problem in Ambattur is the nonavailability of raw material. The state owned Small Industries Development Corporation (SIDCO), which was entrusted with the job of procurement and distribution of raw materials, is merely handling materials that are already available in the market. It is alleged that SIDCO has failed miserably in its efforts to regulate the supply of scarce materials, the exclusive domain of traders.

Another problem faced by the entrepreneurs of the industrial estate is the constant harassment from the Ambattur municipality. This varies from non-cooperation (in the form of not cleaning the roads) to raking up issues (like pollution control which do not fall under the purview of the municipality). One solution suggested is that the state government declare the 473 hectares of land that form the estate as a separate township on the lines of Neyveli Lignite Corproation township. "Ours is a surplus economy and we can maintain the township with some assistance from the government," says one of the entrepreneurs.

Now that a new state government is in place, the entrepreneurs hope that it will be sensitive to their problems. Only then can the Ambattur industrial estate look forward to better times.

■ A.S. PANNEERSELVAN

PHOTOGRAPHIC GOODS

Worsening problems

Photography buffs have less reason to say cheese these days. Since March this year, the price of photo goods has risen substantially. Colour paper which used to cost about Rs.110 per sq metre, is now priced at about Rs.150 per sq metre. A Kodak Kroma camera that was selling at Rs.1,095 inclusive of taxes a few months ago, now sells at Rs.1,200 inclusive of taxes.

High costs. The cost of chemicals has risen by about 25 per cent and consequently, processing costs. For instance, a colour film developer that was priced at Rs.675 (for 50 litres), now costs Rs.793, while for developing black and white films, chemical costs have risen by 40 per cent — developer D-163, for instance, now costs Rs.48 for 3 litres as against Rs.32 earlier. Film and paper are completely imported, and cameras have a fairly high import content.

According to manufacturers, the reason for this increase is that the photographic goods industry is highly dependent on imports. The recent Reserve Bank of India (RBI) requirements of 200 per cent margin money, coupled with the already high import duty (of around 205 per cent), have led to an increase in costs. The situation is made worse by the fluctuating exchange rate which makes imports against every dollar that much more expensive.

Another problem faced by the industry is that the duty structure in the country being much higher than that in neighbouring countries, the inflow of smuggled goods increases in direct proportion to the increase in local prices. Says R.D. Desai, secretary of the All India Photographic Dealers Association, "Of the 32 million spools of colour film used every year, only 10 per cent are officially imported." The main sources for unofficial imports are Nepal, Singapore, Dubai, Bangladesh and Pakistan.

Outlook not good. For the industry, the immediate future does not look encouraging. There is no likelihood of indigenising production in the near future since this will be highly capital-intensive. Additionally, a plant that is set up would require to sell 100 million rolls of film a year to break even, whereas the entire requirement in the country is only around 30 million rolls. With photography goods being considered a luxury, relaxation of the duty structure does not seem possible either.



Photographic goods on display

This is not all. By October-November, the busy season for the photographic industry, the situation is expected to worsen. According to an industry source, "Although it is too early for an estimate, imports have definitely declined and inventories are slowly drying up. The impact of this situation will be truly felt later this year." So it looks like the photographic goods industry is likely to stay out of focus — for some time, at least.

■ SARAH ABRAHAM





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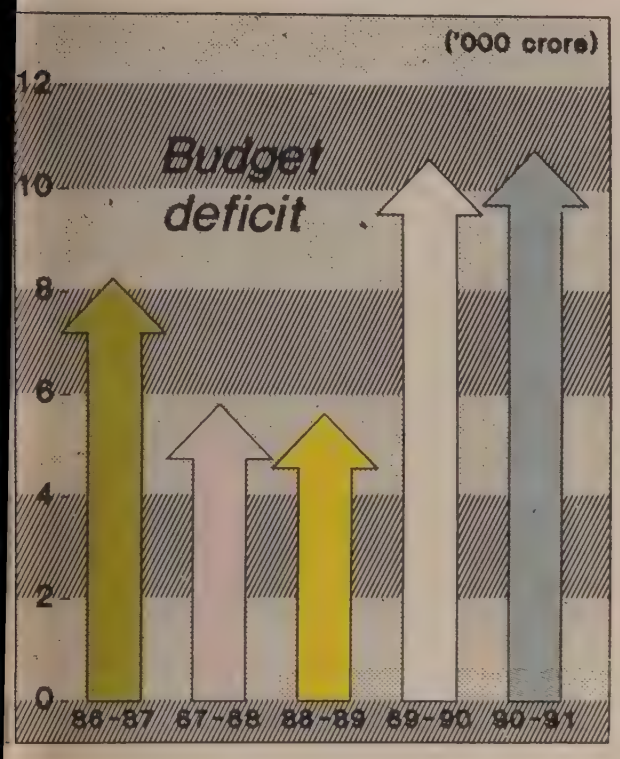
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It seems that the finance minister has his work cut out for him. Even though he is an accomplished economist, the task facing him is a daunting one. The economy is faced with a fiscal crisis. Government expenditure has outstripped revenue and the fiscal deficit in 1990-91 reached 8.59 per cent of gross domestic product. Excesses in government spending, coupled with extraneous factors that led to the hike in prices of petrol and petroleum products, had a cascading effect on prices in general. The wholesale price index on a point-to-point basis is up 11 per cent. The average family has been hit even more because the index for primary articles has risen by 15 per cent, while that of manufactured products by only 8 per cent.

To compound the problem, the country is faced with a balance of payments problem. (The trade deficit has soared to a recent Rs.10,500 crore, as against Rs.7,730 crore in the previous year.) To meet rising imports, the government had to draw heavily on the foreign exchange reserves which have depleted to around Rs.2,500 crore. Only last year (in June 1990), the reserves were Rs.5,800 crore. Thus, just within a year, the reserves have dwindled by over 50 per cent. This is despite the fact that India received $1.8 billion loan from the IMF.

Barriers to entry

The malaise is due to the fact that the country is not utilising its productive resources optimally. The finance minister realised this anomaly when he recently commented that "socialism cannot be built on waste, inefficiency and indifference to quality". There were never deliberate attempts to make the Indian economy uncompetitive and sluggish. It was the result of years of protection and controls.

The fetish for self-reliance prompted the planners to set up barriers to the entry of foreign investments and goods. Exports were never given the importance they deserved (until recently when all sorts of incentives were given) and imports were restricted to items that were essential. Domestic industry was and is still protected by tariffs that are around 146 per cent in the case of intermediate goods, 107 per cent for capital goods, 141 per cent for consumer goods and 138 per cent for manufactured goods. Even China, Bangladesh and Pakistan have lower tariffs.

A variety of controls were also devised under the guise of licences which restricted the creation of new industrial capacity. In fact, businesses were told what to produce, where to produce and in many cases at what price. This authoritative command industrial policy that was biased in favour of the monolithic public sector led to inefficient utilisation of the factors of production.

The incremental capital output ratio (ICOR) which is an overall productivity index of the utilisation of capital in India was around 5.8 per cent in 1983 which indicates low capital productivity. In the case of Singapore and Korea the ICORs were 4.6 and 4 respectively.

Labour productivity, measured as the gross domestic product per employed person, has also been rising very slowly. A survey, across 2,000 organisations, carried out by the National Productivity Council identified key factors that hindered productivity. Human related factors were the major cause accounting for 36.3 per cent of the total, followed by communication and control processes (27.1 per cent) and structure related factors (13.7 per cent).

Radical changes needed

Increasing productivity is easier said than done. It requires a holistic approach that concerns radical changes both at the macro and micro level. At the macro level, policies or processes have to be redesigned to encourage competition. Infrastructural facilities such as power, road, rail and air transportation would have to be strengthened. Labour legislation would need recasting.

At the micro level attitudinal changes, technological upgradation and an appropriate culture that is conducive to increasing productivity would have to be implemented. The emphasis would have to be on getting the process right.

From an inward looking policy India will have to slowly adopt an outward oriented policy that integrates it well into the global economy.

■

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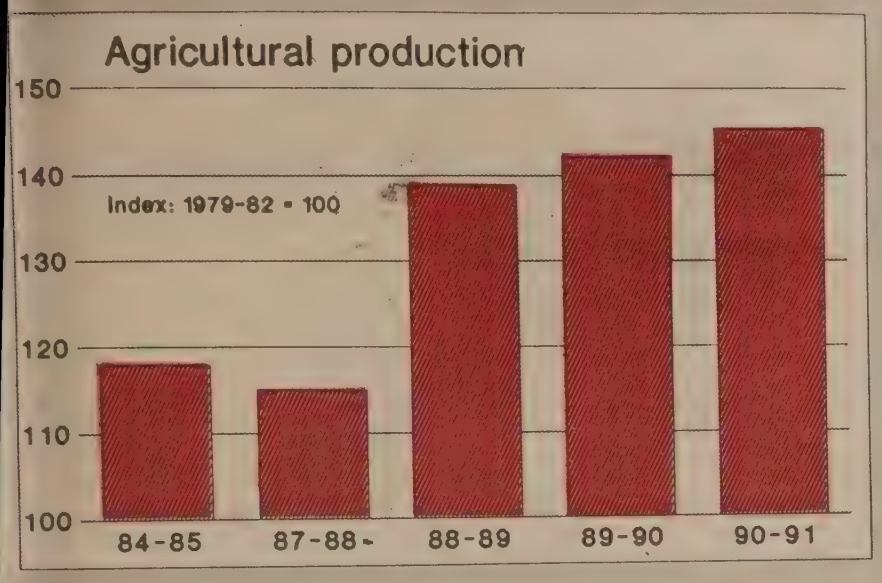
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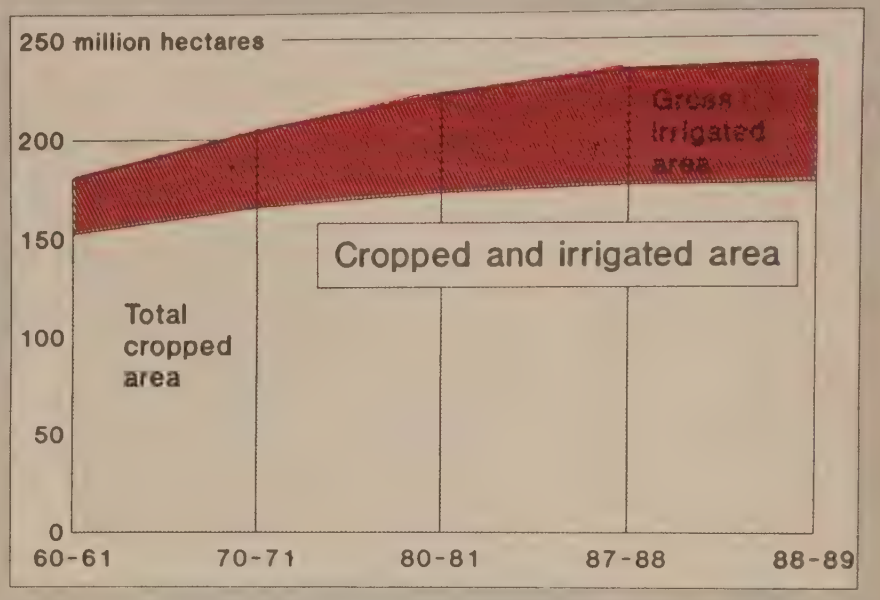
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Agricultural production during the Sixth and Seventh Plan period has increased by 3 per cent per annum. The value of output which was Rs.65,443 crore in 1984-85 has increased to Rs.123,390 crore in 1990-91, which is 24 per cent of GNP at current market prices.



Indian agriculture is still largely dependent on the efficacy of the monsoons. In 1960-61 alone, 18.3 per cent of the total cropped area was under irrigation. This increased to 28.8 per cent in 1980-81; currently it is around 34 per cent. Rice and wheat account for two-thirds of the total irrigated area.

Consumer price index: The consumer price index for industrial workers marginally declined by 0.5 per cent in March 1991. However, on a year-on-year basis the index was up 13.6 per cent as against 6.6 per cent during the corresponding period of the previous year.

	Mar '91	Feb '91	Mar '90	% change over month	% change over year
Industrial workers (1982=100)	201	202	177	–0.50	13.6
Urban non-manual workers (1984-85=100)	169	169	149		13.4

Money and banking (scheduled commercial banks): Broad money (M3) is up 16.2 per cent on a year-on-year basis, as against 18.4 per cent in the corresponding period of the previous year. With the slowdown in the growth of aggregate deposits, the increase in bank credit has declined to 14.1 per cent. Food credit has increased considerably during the month under review.

(Rs crore)

	31 May '91	3 May '91	1 Jun '90	% change over month	% change over year
Broad money (M3)	2,78,449	2,74,444	2,39,496	1.45	16.26
Aggregate deposits	1,98,480	1,97,099	1,70,618	0.70	16.33
Bank credit	1,18,840	1,17,782	1,04,069	0.89	14.19
Food credit	5,606	4,987	3,688	12.41	52
Credit/deposit ratio	59.88	59.76	61.00		

Bullion prices and stockmarket index: While the price of silver has been relatively steady, that of gold has been creeping up to cross Rs.3,700. The Bombay Stock Exchange index has been steady in view of the fact that the budget is just round the corner.

	28 Jun '91	30 May '91	29 Jun '90	% change over month	% change over year
Gold (Bombay)	3,731	3,632	3,260	2.73	14.44
Silver (Bombay)	6,874	6,819	6,646	0.80	3.43
BSE index (1978-79=100)	1,269.91	1,267.46	800.8	850.50	49.31

(Price of gold is in rupees per 10 gm and silver in rupees per kg)

Wholesale price index: The wholesale price index for all commodities has been decelerating over the last few weeks. In manufactured products sugar, *khandsari* and *gur* is up 5.6 per cent during the month under review. There has not been any appreciable rise in other manufactured products.

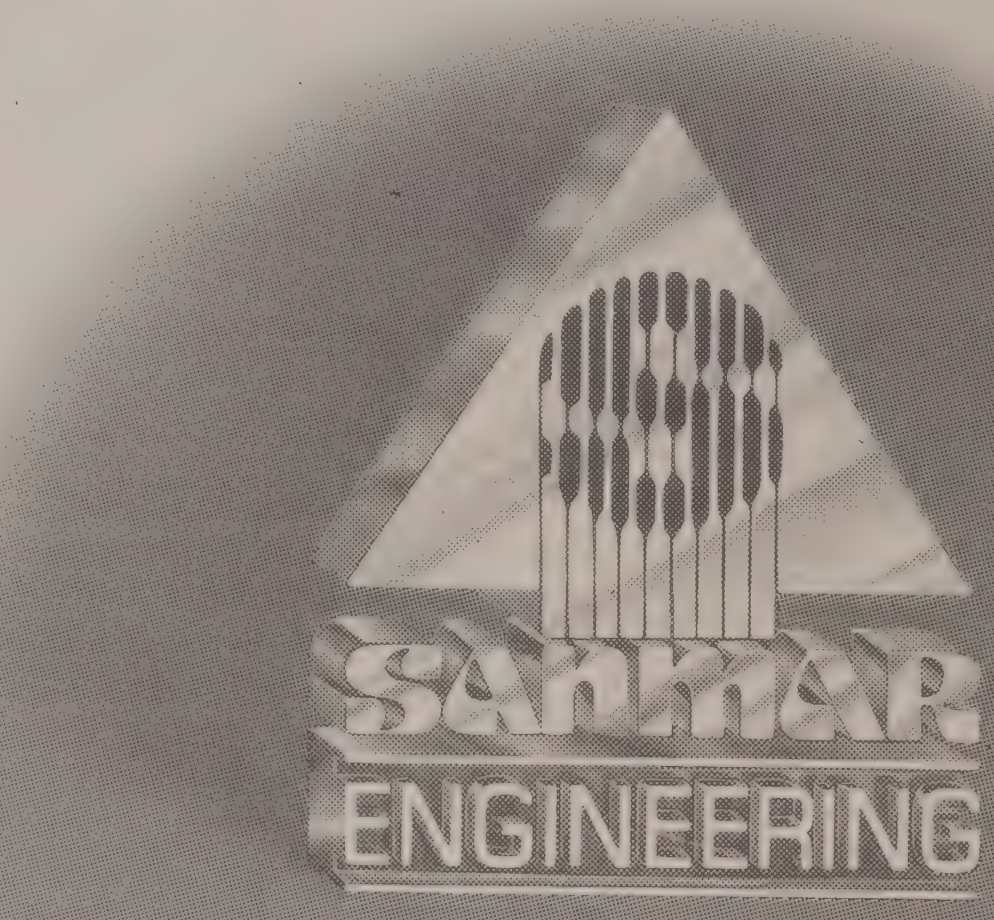
(1981-82=100)

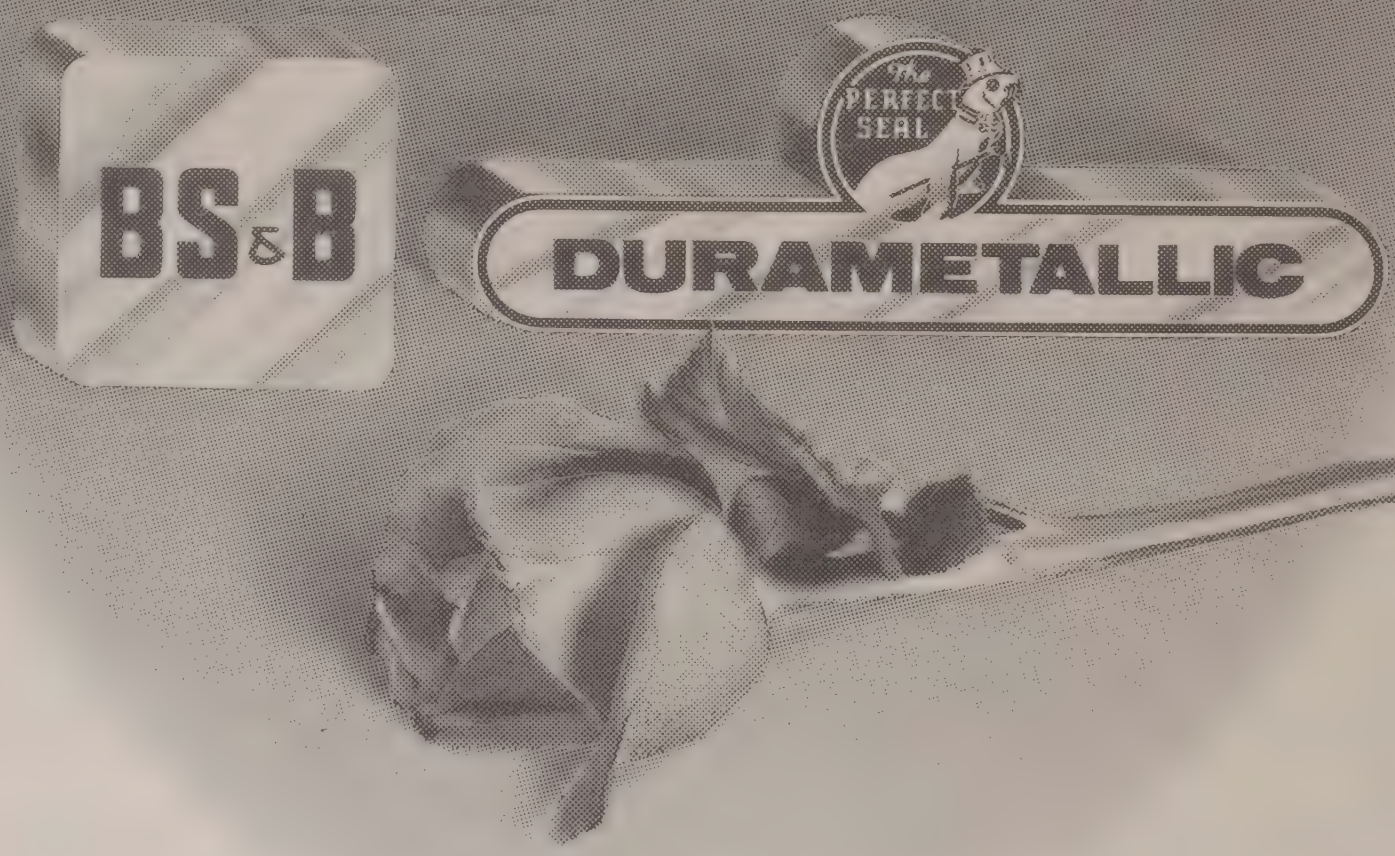
	1 Jun '91	4 May '91	2 June '90	% change over month	% change over year
All commodities	194.3	192.8	175.2	0.77	10.83
Primary articles	200.2	198.4	176.0	0.90	13.75
Manufactured products	191.9	190.3	176.8	0.84	8.54

Industrial production and infrastructure: There has been a sharp rise of 24.4 per cent in the industrial production index for the month of March 1991. While crude oil production, power generation and cement production are up in May 1991, both coal and steel production have declined by 3.7 and 5.1 per cent respectively. On a year-on-year basis, steel production is up 24.3 per cent, mainly because of the better performance by SAIL.

	Month	Previous month	Year ago	% change over month	% change over year
Industrial production index 1980-81=100	277.1(3)	222.7	258.4	24.42	7.23
Railway freight (million tonnes)	28.76(12)	26.75	25.96	7.51	10.58
Crude oil production ('000 tonnes)	2734(5)	2668	2875	2.47	–4.90
Power generation (million units/day)	737.38(5)	705.16	688.80	4.56	7.05
Coal production ('00,000 tonnes/day)	5.12(5)	5.3	4.96	–3.77	4.08
Steel production ('000 tonnes)	747.2(4)	787	600.8	–5.05	24.3
Cement production ('000 tonnes)	4490(5)	4155	3947	8.06	13.75

Figures in bracket indicate month


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A milestone for BS&B Safety Systems (India) Limited and Durametallic (India) Limited

BS&B Safety Systems (India) Limited and Durametallic (India) Limited, constituent companies of Sanmar Engineering Corporation, today (1st July 1991) complete 10 years and 15 years of service to the Indian Process Industry. Sanmar Engineering Corporation acknowledges their contribution with pride on this happy occasion.

10 years of grit and determination

BS&B Safety Systems (India) Limited was incorporated in 1981 in collaboration with BS&B Safety Systems Inc., of USA, who are the pioneers and undisputed world leaders in the field of Rupture Disks. Growing at a rapid rate in its first decade of operation, BS&B (India) is today the foremost manufacturer of Rupture Disks in the country.

BS&B's name is synonymous with Safety Devices in all process industries worldwide. The Indian industry acknowledges that the technology currently available with BS&B (India) is the state-of-the-art for Rupture Disks used as a safety device. In the 10 years of its existence, BS&B has played a crucial role in the import substitution endeavours of the nation.

15 years of surging ahead

Durametallic (India) in its second decade of operation, continues to surge ahead towards its goal for excellence, by its unmatched service to the Indian Process Industry in the field of Mechanical Seals and Sealing Systems.

Durametallic (India) is in the process of perfecting the concept of "Technology Management" — with continuous acquisition of the latest seal technology from its partners, Durametallic Corporation, USA, world leaders in sealing systems and adapting it creatively to the emerging needs of the Indian Process Industry.

Apart from direct import substitution, Durametallic (India) has contributed significantly to the foreign exchange reserves of the nation through its earnings from the joint venture that it has established in Singapore — Durametallic Asia Pte Limited. Durametallic Asia is one of the shining examples of successful export of Indian know-how and management.

A moment of celebration and pride for Sanmar Engineering Corporation

With 8 different units under its wings, Sanmar Engineering Corporation is one of the most diversified organisations in the process equipment market in India, offering a wide range of products such as Mechanical Seals, Rupture Disks, Fluro-Carbon Lined Valves, Control Valves, Flow Meters, Solenoid Valves, Safety Relief Valves, etc.

On this day of celebration, Sanmar Engineering Corporation salutes its international collaborators, all acknowledged world leaders in their chosen fields — ***Partners in the process of excellence:***

- **Durametallic Corporation, USA**
- **BS&B Safety Systems Inc., USA**
- **Xomox Corporation, USA**
- **Gulde Regelarmaturen GmbH, Germany**
- **Smith Meter Division, Moorco International Inc., USA**
- **Crosby Valve Division, Moorco International Inc., USA**
- **Automatic Switch Co., USA**

Sanmar Engineering Corporation also extends its warm gratitude to its customers, suppliers, bankers, work force, business associates and to each and everyone who has been associated with it since inception.

Armed with their continued goodwill, Sanmar Engineering Corporation on the completion of 15 years, rededicates itself to the Indian Process Industry.

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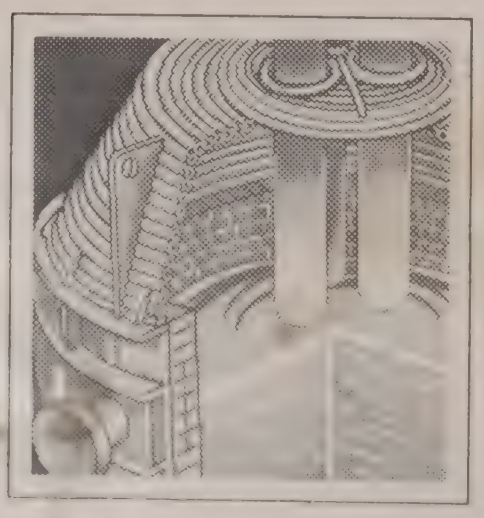
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From the ashes of Desert Storm



MIT MITRA

A short visit to the USA revealed to us the workings of two powerful forces which have arisen out of the ashes of Operation Desert Storm in Iraq. The first to hit us was the socio-psychological revolution of sorts sweeping the US. Patriotism and self confidence were back on saddle and 'Feeling good about America' had returned with a vengeance.

The second feature that could not be missed were the signs of a serious economic recession. Closed businesses, slow sales and deep apprehension about the economic future of the nation hovered like a pall around us. Contradictory in their vibrations, these two positive and negative elements lingered simultaneously in the homes, factories and farms of America, producing a strange chemistry that can only be noticed by outsiders who have not internalised these realities.

The big question

The big question is what will emerge out of these inner workings released by the heat and dust of the Gulf War. Will the psychological re-anchoring of America bring a major positive thrust to the long-term economic and technological growth path of the nation? Will the acute recessionary trends undo the new found self-confidence or will it bottom out soon and conquer new heights? With the world economy in the midst of a significant slowdown and Japan's growth rate slipping below 4 per cent, a major recession in the US could bring dire consequences for the developing nations of the world as well.

Ever since the TV screen brought into the living rooms of Americans the horror images of young men dying in the tropical jungles of Vietnam, something went awry in the soul of the US nation. Soon to follow were the humiliating images of blindfolded Americans dragged around by the Islamic revolutionary guards of Iran. And then came the footage of mangled bodies of American soldiers being pulled out of a military barrack in Lebanon — the work of a Palestinian suicide car bomber. Also recall how American helicopters collapsed in a desert in Iran in a bungled rescue attempt of the American hostages by President Carter.

However, Operation Desert Storm has changed all that with an on-screen magnum force that can match all of the past humiliations. The 'can do' space age technology and the enchanted performance of man and machine came alive on the very TV screen which had brought bad news all these years to American homes.

The resultant change in the American psyche was evident to us through the patriotic displays in shop windows, spirited etchings on tea shirts, tough words on bumper stickers and the millions of yellow ribbons placed in front of the homes of the rich and poor alike. The ghost of Vietnam seems to have at last descended from the soul of America and taken its place in the pages of history. However, we wondered as to what all this would mean for the economy and polity of America in the years ahead.

What will emerge out of these inner workings? With the world economy in the midst of a significant slowdown and Japan's growth rate slipping below 4 per cent, a major recession in the US could bring dire consequences for the developing nations of the world as well

Ironically, while spirits soared, the economy hurtled its way down from January to April. The latest release from the joint economic committee of the Senate and the Congress reveals that real GNP fell by 2.6 per cent during the first quarter of 1991. Gross domestic purchases fell by 42 billion real dollars and corporate profits before tax fell by 21.4 billion dollars (calculated on an annual rate). The unemployment rate climbed to 6.9 per cent in May, its highest level in four and a half years. Even more alarming has been the rate of business closures. Over 7,400 businesses closed their doors in the month of April, almost twice the number that closed in April of 1990.

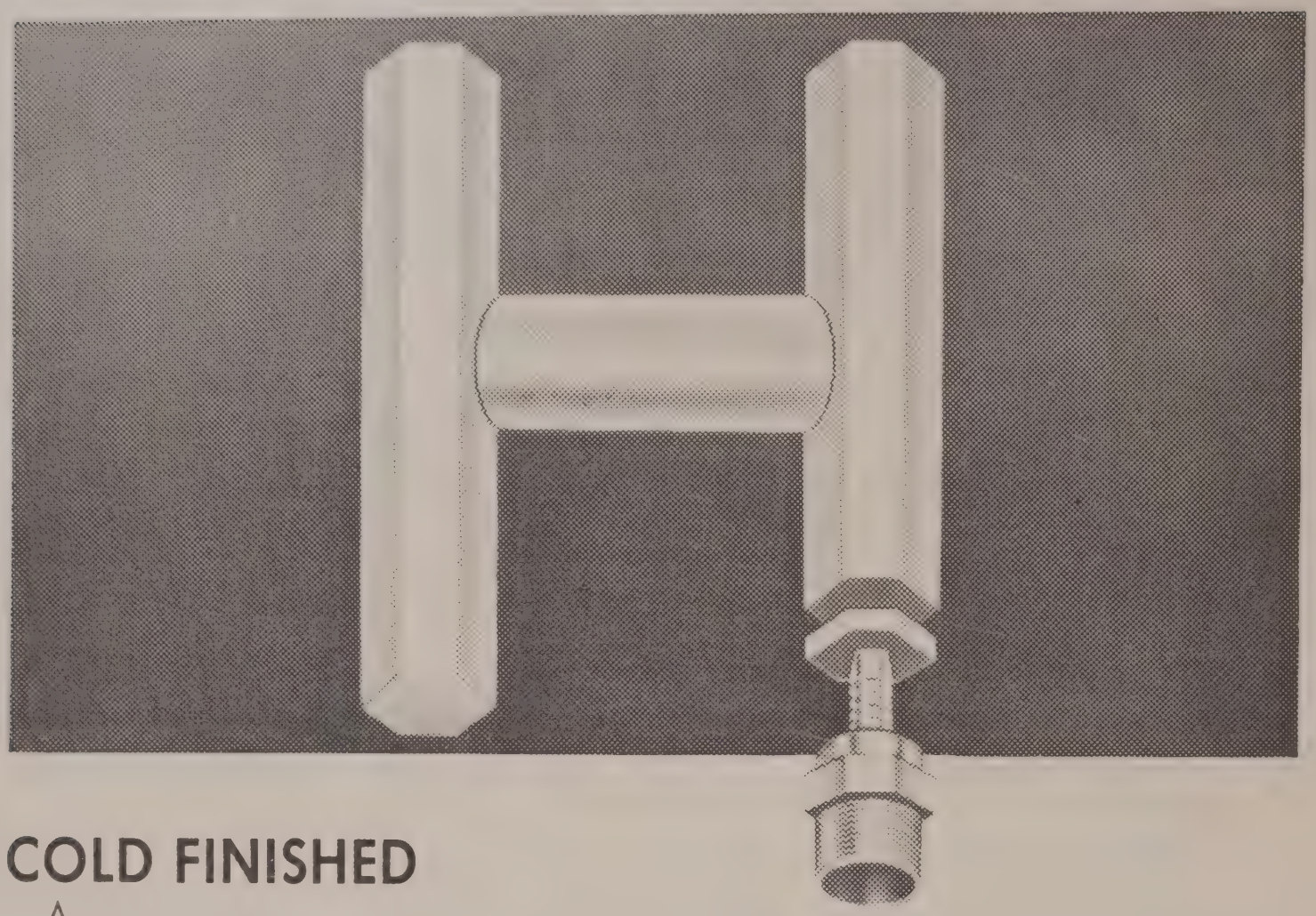
Unpleasant comparison

Joseph Duncan, the vice-president of a major business-information marketing corporation, could not help but compare the current business closures to those during the deep recession of 1982. Once again, we could clearly sense the impact of the recession as we traveled through the towns and cities of America.

Yet, before we knew it, a series of counter-recessionary statistics had begun to surface from a variety of sources. Corporate payrolls had unexpectedly inched up in May after seven straight months of substantial declines. The stock market spurted to a record high on the last day of May, surprising all analysts. The index of leading economic indicators gained 0.4 per cent in April in the midst of other countervailing negative macro economic trends. This index which

The author is director, policy unit, of Business India *and former director, Centre for Asian Studies, Franklin & Marshal College, US*

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measures 11 components of economic vigour posted a gain in six of these. And to the joy of economists, we have just learnt that the same index has gained 0.8 per cent in the month of May, with 8 of the 11 components gaining in strength. Is the recession in America suddenly bottoming out? Which of the macro-economic statistics are we to rely on to make this judgement?

If all these countervailing and seemingly contradictory economic trends and statistics leave you confused and frustrated, you have just experienced what a modern macro-economic forecaster goes through on a daily basis. Once upon a time, armed with the new found knowledge of econometrics and charged by the super power of the modern computer, economists began to believe that they could forecast the economic future of nations with accuracy and ease. However, repeated falsifications of predictions of well known economists have humbled the tribe today. As Leonard Silk put it recently, ".....the best they (economists) can do (now) is to state what they think are the odds on various possible developments ('scenarios' in the current economic jargon)".

Very complex task

In other words economic forecasting is now a very complex task and economists must pay special attention to such elements like the psyche and the prevalent mood of the people. If the mood is buoyant and upbeat, the people tend to bear through the hardships of a recession with a smile. They tighten their belts willingly, so that they can build an economic future which they hope to cherish tomorrow. Ronald Reagan had finally succeeded in producing this kind of a psychological chemistry during the recession of 1982-84 and had, thereby, managed to carry the American economy to newer height in the following years.

It is in this context that the re-anchoring of America we saw and felt during our visit takes on a new economic meaning. After all, behind each inert machine is a human being who feels, thinks and dreams. The state of mind of these key actors at the assembly lines, plants and offices of America are joyful despite the economic hardships of the time. Economic forecasters should not underestimate this factor.

Based on this combination of an upbeat mood of the people and the sudden flow of optimistic economic statistics discussed earlier, one is convinced that the current recession in America is about to bottom out. Whether this will happen with a 'double dip' or a 'single dip' is still uncertain. But from the perspective of the world economy and the economies of developing nations, continued recession in America will generate shock waves with catastrophic effects on the growth potentials of those nations which badly need to increase the size of their pie. India falls certainly in this category.

If the American economy picks up and American consumers start spending their dollars once again, countries like ours stand only to gain. With a total export of three and a half billion dollars to the US in the year 1990-91, India already has a foot in the door. Further more, a bullish American economy would mean greater interest on the part of multinationals to explore investment opportunities overseas, and India could try and catch this wind.

Alarming situation

What we heard and saw in Washington was, however, quite alarming. A senior official from the office of the US trade representative who has dealt with India for the past 5 years wrung his hands in anguish. He said that he is totally frustrated with 'all talk and zero action' on the part of India towards liberalising its trade front.

From the perspective of the world economy and the economies of developing nations, continued recession in America will generate shock waves with catastrophic effects on the growth potentials of those nations which badly need to increase the size of their pie. India falls certainly in this category

Another senior official in the department of commerce revealed that their telephone hot lines on investment opportunities in India were ringing continuously after Ajit Singh's industrial policy initiative was announced in Delhi in May 1990. But, the initiative died soon and the phones have stopped ringing. According to him, there are very few serious takers for investment opportunities in India today. As American businesses adopt a 'wait and see' approach towards India, countries like Thailand, Malaysia and Indonesia bait them in every way with action and not just talk.

Thus, the ball is in our court now. If the American economy regains health, so will the European economies. The world economy could then move into high gear. New opportunities will open up everywhere in a hurry. But, if we refuse to liberalise radically, other nations waiting in the wings will grab the ensuing opportunities and we will sink into a deeper state of marginalisation.

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Cheesed off?

Acting chairman and managing director of ITDC, K.B. Kachru, unexpectedly resigned from his post last fortnight. Kachru was senior vice-president of the hotels division and very much in the running for being confirmed in the top slot.

According to the ITDC grapevine, the tourism ministry had finalised someone else for the coveted post. Hence Kachru's decision to put in his papers. However, there are others who say that he got "an offer he could not refuse" from a prominent hotel chain. Meanwhile, senior vice-president, finance, N.N. Khetarpal has stepped into Kachru's shoes.

Super pressure

While a high level World Bank team is in India pressurising the government to open its doors to foreign investment a special team from the US Commerce Department is busy discussing the implications of Super 301. There is a major debate on in the US about whether India should be given the status of a most favoured nation. While the White House feels it is okay to go ahead with it, the House of Representatives is not agreeable.

However, in the devaluation of the rupee and amendments expected export-import policies, it seems probable that Super 301 will not be applicable to India. A final picture, however, is likely to emerge only after the Narasimha Rao government presents the budget.

A political minister

Whoever said that our politicians do not care for the people who elect them to office? Ask Santosh Mohan Dev, new minister of state for steel, and he'll tell you otherwise.

One of the first proposals that Dev has started considering in his new position envisages the setting up of a steel plant in Assam. The game plan is to ferry iron ore from West Bengal and Bihar by the riverine route through Bangladesh to Assam. And to goad Bangladesh to allow use of its waterways, part of the ore will be offered to that country so that it can set up their own steel mills.

The proposal is fine, except that it is a little hare-brained. But then Dev belongs to Assam, and he has to do his bit for his home state.

But this is not the only thing that the pipe-smoking, golfer minister is doing for his people. Though from Assam, Dev happens to be a Bengali. To be of help to that community he is frantically looking for a Bengali bureaucrat to draft in as his private secretary. Dev feels such a person will be able to serve his Bengali brethren better. Specially sought is an officer who is not only a Bengali but can also speak the Bengali dialect of the Silchar-Cachar area from which Dev hails.

Dev is credited with the view that he is a "political" minister. One supposes that gives him every right to act in this political fashion. At the time of writing, the hunt for a PS was still on.

And a non-political minister

If a political minister is hell bent upon taking political decisions, appointment of non-political ministers is not without its own share of apprehensions.

Rameshwar Thakur, who is the new minister of state for revenue in the finance ministry, is one of the leading chartered accountants of the capital. The firm, Thakur Vaidyanath Aiyer Co, of which he is the senior partner, does roaring business in New Delhi.

But this is precisely what is creating problems. Tax officials, habituated to pulling up chartered accountants, are a little uneasy these days. They cannot stomach the fact that one of those who call on them has become their boss. They fear that the CA's will now have a strong lobby.

But sources close to Thakur say that the tax officials really have nothing to fear. After all, Thakur has been a politician for quite some time now — having been elected to the Rajya Sabha a few years ago.



UN to PS

Remember Ramu Damodaran? He was one of the ablest newsreaders Doordarshan had uptil now. One does not see him on the idiot box anymore because Damodaran, being an IFS officer, is abroad serving a stint at the United Nations.

But he is coming to Delhi, to join prime minister Narasimha Rao as private secretary. That will take two months though. For the time being, Ashok Prasad, another IFS officer, has been appointed as PS to the prime minister.

Fractious, already



Narasimha Rao may have already begun to realise how difficult it is to run a cabinet of disparate forces. At a recent cabinet meeting, Ghulam Nabi Azad demanded Manmohan Singh's resignation for his "irresponsible statements at a press conference which damaged the image of the party". Singh had told the press that it would not be possible to bring down prices as promised in the Congress(I) manifesto within a 100 days in office. He had gone on to say that since he was not party to the formulation of the manifesto he could not be held responsible for adhering to it.

On another issue too, the cabinet was at loggerheads. Sitaram Kesari insisted that he would resign if the Mandal Commission report was not implemented. No one else was in favour of it. After a heated discussion, a decision was delayed for further consultation.

FINANCE MINISTER MANMOHAN SINGH

Impatient for change

There was never any doubt that the new government, whatever its political hue, would have to take radical measures to prevent the country drifting further into economic chaos when it came to power in late June. And the already precarious state of the economy called for immediate action. The vital corollary being that the new finance minister had to have extraordinary skills to grasp the complex issues involved in restructuring a national economy at very short notice. P.V. Narasimha Rao, no doubt, had Dr. Manmohan Singh in mind for the job.

Though a few eyebrows were raised at Dr.Singh's appointment to the cabinet, his qualifications forestalled all premature criticism. He combines a deep knowledge of economics with the experience of a successful career as a bureaucrat based both in India and abroad. Born 59 years ago in Gah, Pakistan, Dr. Singh read economics first at the Punjab University and then at Cambridge. He was a particularly brilliant student in England: he received the Adam Smith prize for economics at Cambridge in 1956, and was elected Wrenbury scholar by the university a year later.

Back in India, Dr.Singh began his career as a lecturer in Punjab University in 1957. He joined UNCTAD in 1966 but returned to teaching, this time at the Delhi School of Economics, three years later. His first government job was as an adviser to the ministry of finance from 1972 to 1976 following which he was secretary in the same ministry till 1980. He was secretary, Planning Commission, for two years before filling a key post, that of Reserve Bank of



North Block, New Delhi: Dr. Manmohan Singh's place in the sun

India governor, in 1982 — a job he was to hold for three years. It was during his RBI years that the Indira Gandhi government negotiated the first IMF loan. Dr.Singh's experience with this first loan is seen by many as valuable now.

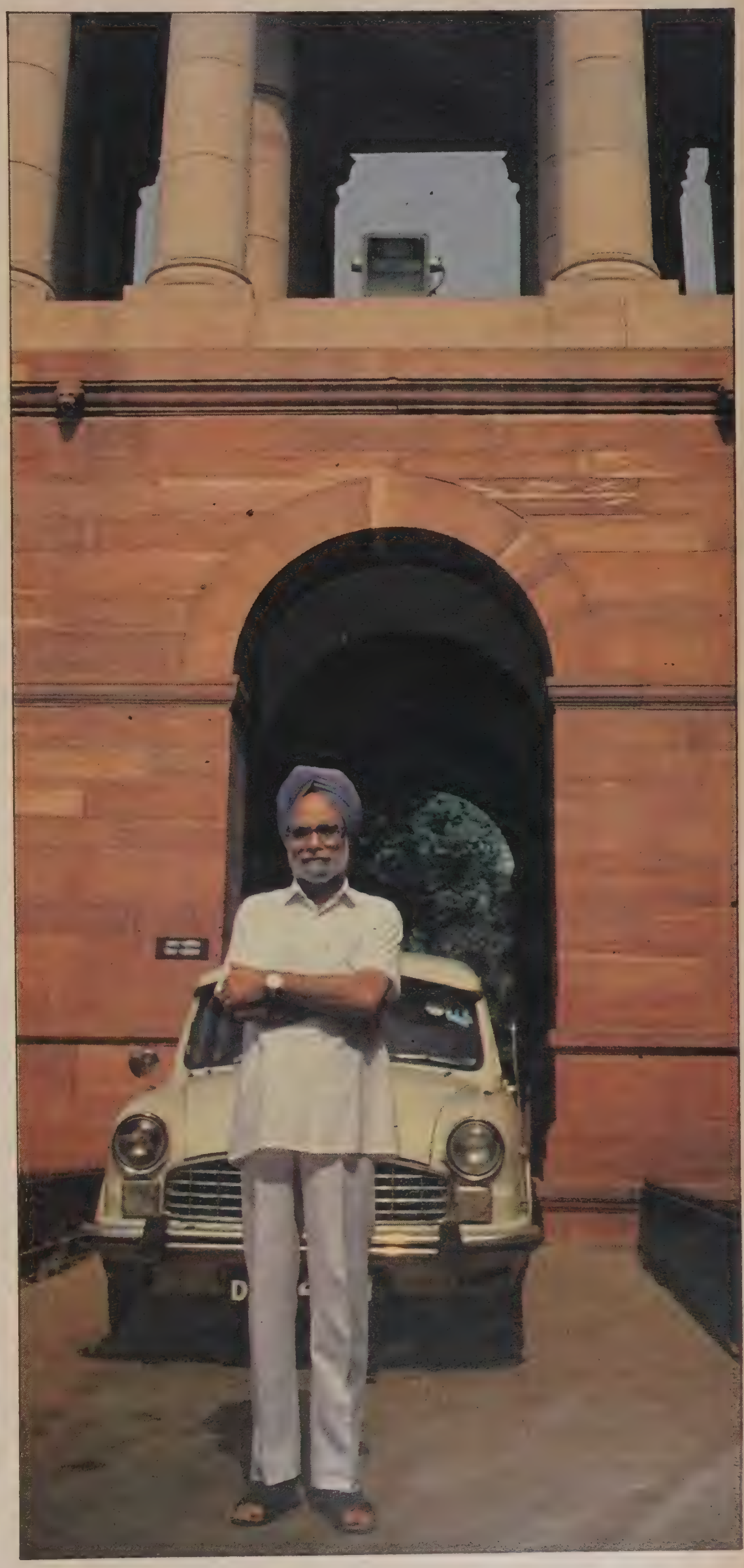
In 1986, he moved to Switzerland for three years as the member secretary of the South-South Commission. In December 1990 he was appointed special secretary to then prime minister Chandra Shekhar and later became chairman of the University Grants Commission, a post he held till moving to the finance ministry late last month.

Though known as a left-winger during his early days, associates say that Dr.Singh had turned into a closet liberal by the early eighties. This latter persuasion must have helped him a great deal to take the decisions that he did last week on the rupee devaluation and trade liberalisation. Judging from the pace at which he acted, there seems no doubt that prime minister Rao has given him a free hand to handle all central economy-related issues. And the fact that the industry portfolio is with the prime minister — and the commerce minister is only a minister of state — makes Dr.Singh the economics issues czar in the Narasimha Rao government.

Some of his friends say that he sees the current economic crisis as an historic opportunity to reform the country's four-decade-old economic policies. While many may agree on what needs to be done, whether the present government will have the courage to push ahead resolutely, only time will tell. He has certainly made a very promising and bold start. If he continues so, Dr. Singh will go down as the finance minister who had the courage to make the decisive break from the past, a past which ironically he helped preserve for many years as a loyal bureaucrat.

No doubt, his new-found boldness owes much to the fact that he doesn't have any narrow, sectarian political constituency to look after; nor does he have to worry about his own future. This is as far as a bureaucrat with virtually no political interest can get in a democracy. This is his moment in the sun and he seems to have seized it firmly.

Dr.Singh's enthusiasm for his new job was evident from day one. He began consultations with finance ministry officials even before the prime minister publicly announced his portfolio. He is in his office by 8 a.m everyday and works there till midnight. Last Sunday, after a particularly long day at his deserted North Block office, Dr.Singh found time late to talk to Business India *on the task ahead.*

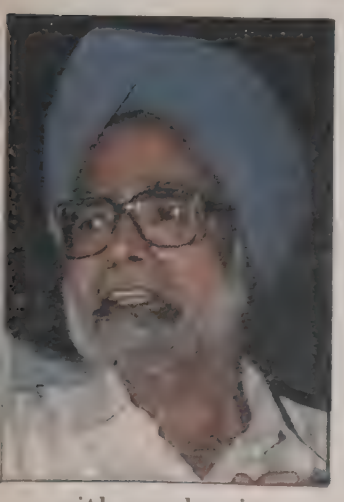


Our effort will be to make it both profitable and rewarding for NRIs to come to India.

What sort of changes are you envisaging in the capital markets? While there is agreement on the need to have a regulatory framework within which market forces can have a free interplay, even the SEBI legislation has not come through.
I am yet to think in detail about this. I can't promise that the changes will be made in the budget. Our broad policy approach is that the business of the government is to govern. We must free our enterprises so that they can take their decisions themselves, reap the reward of good decision-making and suffer the consequences of faulty judgement.

As an alternative to the IMF loan will you not think of tapping other sources of finance, like the NRIs?
Yes, there are other sources of foreign exchange but in a short time we cannot mobilise enough money as may be required just now. Once the IMF loan comes through, others too will follow. They will consider India, once again, as a creditworthy nation.

What role do you see for market forces in India?
The vision that I have, is to make India a vigorously market economy with social consciousness. Unnecessary controls which stand in the way of growth of competition must go. 'Safety nets' are however required, because sometimes in the market-based economy the poor sections of the population may be adversely affected and undue burden may be placed on the poor. So we want to have a market-based economy built in with mechanisms to see that the poor are not hurt. Government must also play a major role by providing a first-class infrastructure of power, telecommunications and railways as well as decent social services because market forces cannot take care of these



All this cannot be done overnight and I will not promise you that this will be done in the budget. But the budget will indicate the broad direction that we want to move in. We will also lay down a time-table. We will also lay down the ' targets. You know that late Rajiv Gandhi used to say always that targets in terms of time should be set for everything. That is a better way of doing things.

Regarding our forex problem, do you think that we should go in for a dual rate of exchange?
I have not thought through this problem at all. However it is my personal belief that India must work towards a convertible currency. But it is not possible to make the currency convertible overnight, particularly in a country where there are so many administered prices. A reform of the price system must come before we can think in terms of a convertible currency in a world of floating currencies.

What are your views on financial liberalisation? Do you agree that it should precede industrial liberalisations?
There is a consensus today that premature and hasty financial liberalisations can be destablising. Even the World Bank has recognised this. So we have to be very careful and clear on this.

Do you believe that interest rates can be liberalised and freed quickly?
I think that at some stage interest rates can be liberalised. But I am not sure that we can start by freeing interest rates.

What have you to say about our commercial banks which are doing badly?
We will look at the structure of commercial banks and do something. But I must confess that I have no ready answer just now.

Will you allow non-government banks?
I have not thought of this also. But we already have a lot of non-government banks. We are already allowing foreign banks to operate in the country and open new branches. They are private banks.

What would your policy be towards private sector mutual funds?
I am not an expert on mutual funds. But I do believe that mutual funds have an important role to play in our country.

How do you see the government helping the poor? How do you ensure that government's scarce resources go only to the bottom third of the population?
I look upon education as the most important thing in helping the poor. Education is a thing whose acquisition "empowers our people". It allows them to think that change is not only desirable but possible too. It also equips them for work. So great stress has to be laid on the expansion and modernisation of our educational system, especially in areas like technical education and vocational studies.

We will have a comprehensive economic agenda which will tackle the problems of both the rural poor and the urban poor, including those in the informal sector in urban areas. In this connection I might also say that we will shed all controls which do not serve our goals.

The industrial sector accounts for just 15-20 per cent of our national income. Yet we have a whole paraphernalia of controls to police it. Now industry has come of age. It has acquired a certain degree of maturity. So we must reduce administrative controls on them, use the scarce administrative, technical, financial resources thus released to tackle the problems of the poor.

We in India have allowed our land and water resources to get progressively degraded. This is detrimental to growth and affects the poor the most. This is a priority area that needs serious thought and effective action.

What will be the impact of the cut of subsidy on the poor?
We will take care that the poor are not affected. The managing director of IMF is well known to me. I have got many friends in the World Bank. All of them agree that while India must initiate a process of adjustment, the adjustment process will have to have a human face, so that the poor are not adversely affected. I wish to emphasise that in the process of structural change we will ensure that the interests of the poor will be protected. That is part of our social commitment. At least this is what we owe to our people.

■ KINGSHUK NAG

Admirable performance

Our regular columnist Sudhir Mulji, who has known Dr. Manmohan Singh for many years, offers a personal viewpoint on the finance minister

I suppose every columnist has someone in mind for whom he is writing, and I am no exception. The target of my opinions has always been the finance minister; thus when V.P. Singh held that job I had no difficulty in writing Akbar-Birbal pieces because the Rajasaheb seemed to me like a Mogul emperor; he was no democrat and had no understanding of economics, but he did have an imperial sense of justice. So long as we did what he told us he would pat us on the head; otherwise he would use the stick. When S.B. Chavan held that post I had joined STC and I had fortunately stopped writing.

My next mark was the good Professor Dandavate; here was a familiar figure, the typical Fabian who would have been as much at home in the British Socialist Movement as he was in the Indian one. I expect he was a great friend of the late Ashok Mehta of the PSP and probably went to earnest meetings in Laburnum Road, Bombay 7, to talk about poverty and the wickedness of the rich.

Generous and humble. All these ministers had one thing in common: I felt I knew more about economics and commerce than they did. That no longer applies; with the new finance minister I am seriously stuck. The wind has been taken out of my sails. For one thing his ability as an economist is so much superior to mine that it will inhibit my writing. Secondly, as a human being, he is both generous and humble — a man I greatly admire — and therefore it will take away that intellectual acerbity which is the only characteristic that makes this column worth reading.

The one advantage I have is that the new finance minister will at least read anything that is written here. He is a man who will look for advice from all sources and, as his first press conference indicated, he will not be constrained by old ideology. Indeed, his performance thus far has been admirable. By moving as fast as he has done, Manmohan Singh is creating opportunities for the Indian economy that were unthinkable a few days ago. Thus far he is not doing anything new; but by devaluing the rupee he has immediately opened up the scope for economic manoeuvre.

Obviously, his next task will be to contain the budget deficit; in that battle the opening shots have been fired by the scrapping of the notoriously inefficient cash compensatory scheme. This was made possible because the devaluation itself will suffice to make up for cash compensation. He has also provided further incentives for exporters by an aggressive REP licensing scheme, which will enable them to make additional profits from the shortage of imported goods, but I expect he will remove some of the extraordinary tax incentives that exporters have enjoyed in recent years.

The pattern therefore is clear; everything will be done to ensure that the system of price incentives is established, but all subsidies that impinge on the government's finances will be abolished. In this strategy the great test will be in the area of food and fertiliser subsidies, and I imagine that he will do that in two stages. First there will be some reduction of subsidies this year, although I would be surprised if he completely abolished them; there will, however, be some advance warning that within the next two or three years all these subsidies will be abolished.

Now, among economists none of these steps are controversial. On the contrary, the moves that have been taken so far are completely orthodox and would have received the approval of Keynes or Marshall if they were alive; those who accuse the finance minister of doing it at the behest of the IMF are really being quite silly. You might as well charge him with receiving instructions in some sort of séance from economists who have long been dead and gone. However, while all that he is doing is in the right direction — and thank goodness he is doing it quietly enough — the real question is will it suffice?

Hurdles to be crossed. The ultimate hurdle the finance minister faces is the restoration of confidence in the Indian economy. To surmount it he will be pinning his hopes on getting certain figures right; he will hope that the present exchange rate can be more or less maintained, that his budget will be sufficiently balanced to inspire foreign lenders into believing that the government means business and so on and so forth. But the basic framework within which Manmohan Singh is operating is still within the economy of controls. Liberal controls, sensible controls, logical controls, but still controls. He has not yet taken the plunge into a market economy; he has not floated the exchange rate, he has devalued. He will not privatise to raise revenue — he will instead try to curb government expenditure.

And it is here that Manmohan's greatest pitfall lies. If he guesses the figures right — and they can be nothing but guesswork — he will succeed in directing the economy as no other policy maker could have dreamt was possible. He will truly be the economic tsar of India as Erhard was of West Germany. If, on the other hand, his estimates go awry, he and we will regret the consequences of his efforts. It is a risk I would not take. For I am only too aware of Keynes' dire warning about the flimsy base for our knowledge of the future. As the great economist wrote:

"The outstanding fact is the extreme precariousness of the basis of knowledge on which our estimates of prospective yield have to be made... If we speak frankly, we have to admit that our basis of knowledge for estimating the yield ten years hence.. amounts to little and sometimes nothing. In fact, those who seriously attempt to make any such estimate are often so much in the minority that their behaviour does not govern the market."

Of course, what Keynes was talking about was investment and future yields; but the basic point applies to all our estimates of the future. No one can be sure that our predictions will come true, it is therefore the strength of the marketeer that he openly admits to being unable to forecast the future and relies instead on confidence that the market will work out its own salvation. So far at least the finance minister has chosen another route, but he is economist enough to know the dangers of his choice.

DEVALUATION

A bold step

Devaluation of currency is a bold move, both politically and economically. But it may not work if mishandled — as the experience of 1966 will attest. However, the new government's swift move to devalue the rupee makes eminent sense in the current economic scenario and could mark a historic first step in the long overdue restructuring of the Indian economy



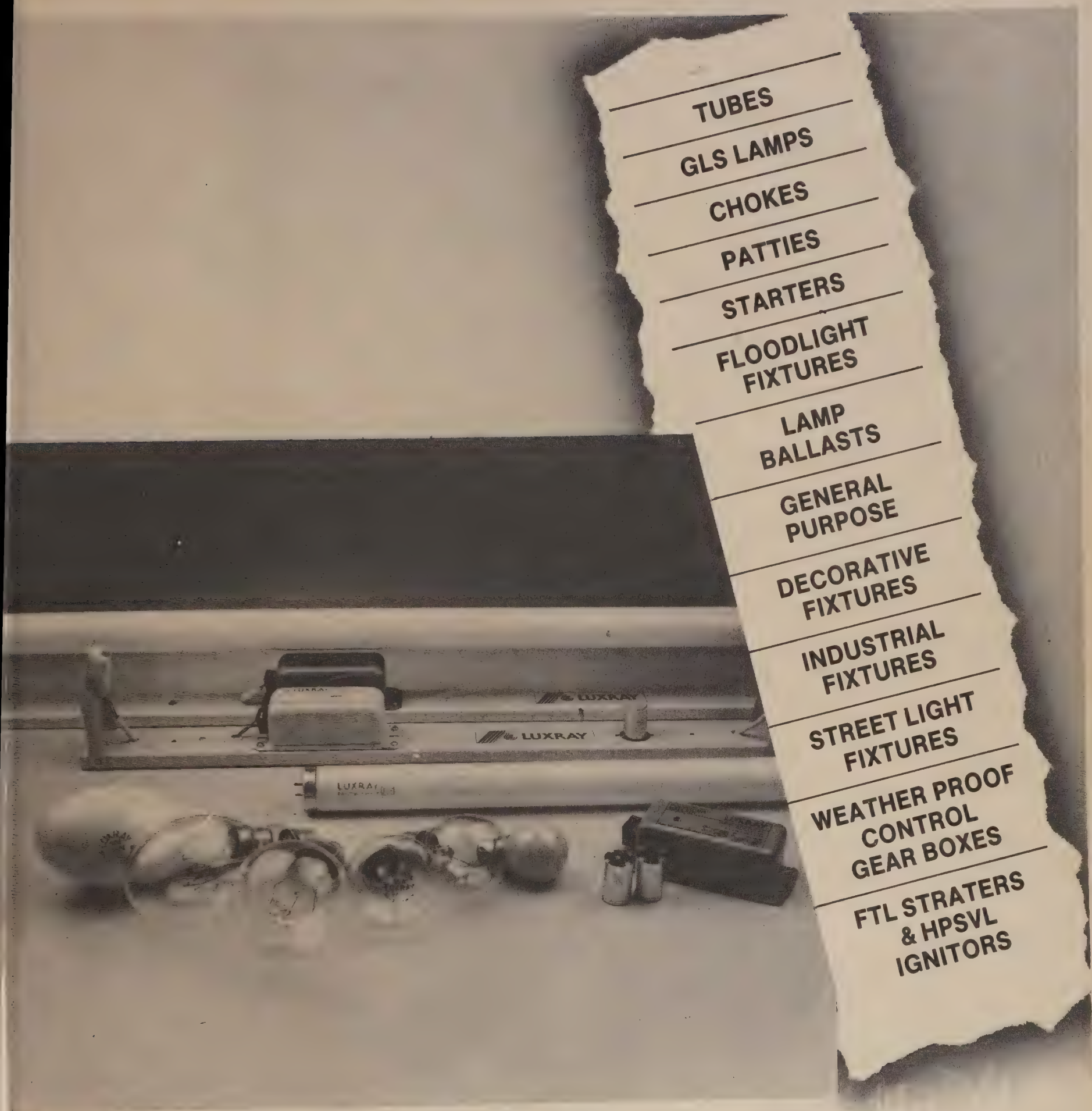
When the government hiked import margins on items under Open General Licence from 50 per cent to 133 per cent in March and again to 200 per cent in April, many small importers decided to stop imports and wait until a new government came to power by June in hopes of a more merciful policy. For them, the continuous devaluation of the rupee since January (*see chart*), along with the two sharp bursts last week that took the rupee down to Rs.25.95 from Rs.18.20 to the US dollar (a fall of 31 per cent), has meant a disastrous wait.

For larger importers, the rise in the dollar could wipe out much of next year's profits. Bajaj Auto, for example, is considered to have the most highly indigenised technology among scooter manufacturers. Yet, because the steel that it needs is not rolled to the desired gauge domestically, the company imported Rs.92 crore worth of steel and other items in the fiscal year 1990-91. Against this, its exports were Rs.20 crore. Its net foreign exchange outgo of Rs.72 crore will become — if it is able to maintain operations at the same level in 1991-92 — Rs.20 crore costlier merely due to exchange devaluation since January; this is equivalent to 20 per cent of its pre-tax profits in 1990-91. Given the competitive state of the scooter industry, Bajaj Auto is unlikely to be able to pass on all these costs. The effect on other scooter manufacturers will be far worse.

Cause for concern

A spokesman of the Indian Oil Producers and Exporters Association notes that the erratic behaviour of the monsoon to date in Gujarat and Rajasthan is a cause for concern in oilseeds. Last year, the country imported only 60,000 tonnes of palmolein thanks to a good crop. This year, it is expected that if production falls below 18 million tonnes, the country could be forced to import edible oil to meet the difference.

For a country like India, with a trade deficit, the decision to devalue is a difficult one, as it means adding to the rupee trade deficit immediately. Yet the new government, which engineered the latest rounds of devaluation, is being widely praised by large sections of trade and industry for what are seen as decisive steps towards the restructuring of the Indian economy. The view is not just that at least someone's hand is at the steering wheel. Even importers are not complaining a great deal. Says A.H. Merchant, ex-



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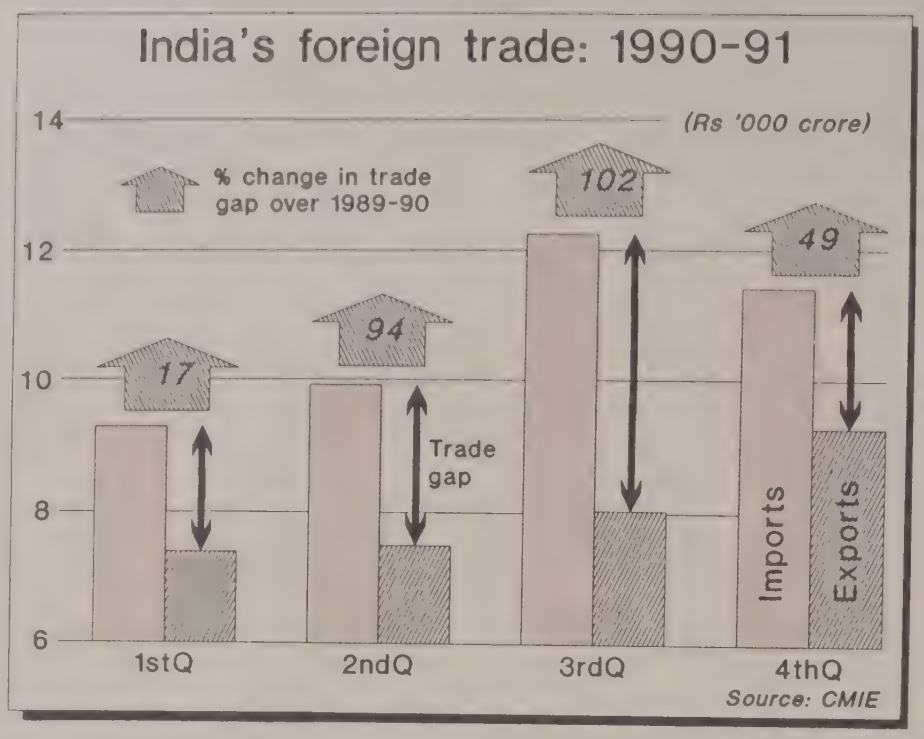
Ajay Electrical Industries Ltd.

O'KEEFFES ICARUS 540

President of the All-India Importers Association, "What the current 20 per cent devaluation does is add a general import duty of 20 per cent in addition to the existing duties on particular items. In its absence, the government would have probably raised import duties by more than 20 per cent on average in the upcoming budget on 24 July. If the devaluation is viewed in this context, it is not such a bad thing."

Jan Bergvelt, the managing director of Peico Electronics and Electricals, notes that devaluation does not automatically boost exports and curb imports. One is not, he says, "comparing apples with apples. Exports need to compete on price, quality, and also adhere to rigorous delivery schedules, if they are to be boosted."

Bergvelt is pleased that Peico has reduced its exposure in the colour TV market. The company could even benefit if, as he feels, there is a shake-out in the colour TV market and buyers shift to the audio market. Of course, a shake-out in TVs will hurt the smaller manufacturers the most, leaving the big three — Videocon, BPL and Onida — in a stronger position to control market prices and volumes.



Devaluation is widely viewed as a prelude to a phased reduction of both import duties and export subsidies. At the aborted Uruguay round of the General Agreement on Tariffs and Trade (GATT), India had committed itself to a phased reduction of import duties from their current average level of 120 per cent to 30 per cent over 5 years. The devaluations since January set the framework for a feasible phasing out.

Exporters are, to use a merchant banker's oxymoron, "cautiously ecstatic". Certain commodity exporters, such as aluminium and iron-ore manufacturers, are immediate beneficiaries. This is because they sell in markets where prices are quoted in foreign exchange and where India's supply is a small proportion of market size. Hence, they will immediately receive the full benefit of the devaluation.

A similar case applies to established firms like Century Textiles, whose foreign exchange earnings come from near-commodity items like grey cloth and shipping. Century, whose net foreign exchange earnings were over Rs.142 crore last year, has, not surprisingly, been a stock-market star over the past week. It rose from Rs.5,300 on 1 July before the devaluation was announced to Rs.6,300 after the second round of devaluation. Great Eastern Shipping, which has been bullish over the past two months thanks to a reviving foreign market for shipping, similarly jumped to Rs.72.50 from Rs.56.50.

The caution comes for items like gemstones and machine tools, where competition is fierce at home and recession rules abroad. Diamonds and other gems which are imported will benefit, even though almost 100 per cent of the raw material is

Calling a spade a spade

The media calls it devaluation, the IMF calls it depreciation while Doordarshan, fearful of a ministerial rebuke, reads the official press release and calls it a downward revision. Whichever D one uses, any time the rupee loses ground in international markets, it is devalued.

The media then screams that oil imports will cost Rs.1,000 crore more per year and that this will adversely affect the trade balance. True, government revenue is affected if petrol prices are not increased adequately, but does it adversely affect the trade balance, that is, the difference between exports and imports? In rupee terms, certainly, but in the more relevant dollar-figure, not at all. The dollar value of the imports is unaffected by devaluation. Since exports should, if anything, rise in dollar terms, devaluation should help the trade balance even in the short term, not hurt it.

Transferring benefits. Devaluation initially is all about transferring benefits, just like a cigarette tax transfers money from smokers via the government to (presumably) the general public. With devaluation, one domestic group, such as buyers of petrol, lose out to another, say Oil India Limited.

Why then is devaluation such a hush-hush word? And why is the government scared that the devaluation will be linked to IMF pressure? So scared that it announces devaluation in two strokes rather than one and the RBI governor is unwilling to meet the press. In other countries, the government would have put on a massive public relations exercise to justify and build support for devaluation. To the finance minister's credit, he came on television for a minute saying that this was an opportunity for both the legal and ill-gotten dollar holdings of Indians abroad to be transferred home at a realistic price, but everyone else in the government prefers to say as little as possible.

The reason is national pride. The IMF is undoubtedly behind the deal and the devaluation is an admission that we needed foreigners to tell us what to do. So much for the theory of the foreign hand.

Nevertheless, the devaluation has been welcomed abroad. This, for most countries, is unusual. Most other countries, including Japan and Hong Kong, would dearly love to have still more devalued currencies in order to promote their exports but cannot, thanks to American pressure. India, despite its surplus trade balance with the United States and despite Super 301 and Special 301, has been able to add still more protection to its domestic market via a devaluation. This may, in retrospect, be a most significant fact.

imported, simply because the value addition will translate to a higher sum in rupees after devaluation. "But" notes Jawahir Jhaveri, a processor of pearls, "foreign buyers are no fools. They will now try to negotiate a lower price in dollars."

Jhaveri is, in effect, recognising that the demand for many Indian exports is price-sensitive. These include chemicals (including pharmaceuticals) and engineering items which together account for 20 per cent of total exports. Of course, on the positive side, it is precisely in such markets that there is scope for substantial growth, as the experience of countries like Hong Kong has shown.

There is yet another export-related risk of devaluation, as tea exporters realise. Although the devaluation is expected to spur tea exports (Tata Tea alone should be able to increase its pre-tax profits by over Rs.20 crore this year even if it exports the same amount of tea), this is a market where India has a significant size (15 per cent of world exports). Increased exports may not only increase total supply enough to depress dollar prices but may also induce other significant producers such as Kenya and Sri Lanka to similarly subsidise their tea producers.

Cement will benefit

But the devaluation could help previously unexportable items find foreign markets. Cement is a prime example; even in 1987, at the depth of the recession in cement, the question of exporting spare capacity did not arise as the international cost was lower than the domestic price of Rs.1,000 per tonne. Yet continued devaluation coupled with liberal licensing and more efficient production at home meant that cement producers could ask for a mere 20 per cent export subsidy this January in order to help them to export competitively. The devaluation since then gives them more than the subsidy they wanted. This is borne out by the fact that the international price of cement is $60 a tonne f.o.b. The comparable Indian cost has fallen after the devaluation from $60 per tonne to $46 per tonne.

Cement companies are excited by this possibility, says Anil Singhvi, finance manager of Gujarat Ambuja Cements. He notes that a good export market could open up in south-east Asia. Similarly, other foreign markets in which India should have a natural advantage based on its raw material or manpower strengths — even such apparently far-fetched ones as nitrogenous fertilisers and finished steel — can quickly open up with decontrol.

The possibility of cement exports illustrates the great risk of devaluation — that some inflationary impact is inevitable and a great deal is possible. With demand so strong in India, cement exports will certainly cause cement prices at home to rise. In general, for items that are easily exportable and in limited supply (at least in the short run), such as tea and cotton textiles, the spur given to exports by devaluation will almost certainly lead to higher prices at home.

A further stimulus to inflation comes from the increased rupee cost of capital imports such as machinery which will show up in higher selling prices of the goods produced by these machines.

The policy makers' hope lies in the longer run: that the higher prices will stimulate higher supplies through addi-



tional production and subsequently bring down prices. This hope does not have a happy history. When the rupee was devalued by 67 per cent in June 1966, prices jumped 15 per cent in the next 12 months. This despite monetary discipline which brought money supply growth down from 11 per cent in 1965-66 to 9.3 per cent in 1966-67. But at that time we had rigid licensing and a miniscule capital market. New facilities just could not be added quickly enough.

This time around, however, things are likely to be different. For one thing, agricultural output constituted a larger proportion of total production then than now (45 per cent in 1965 versus 32 per cent in 1990). Since 1965 and 1966 were years of disastrous monsoons and preceded the Green Revolution of 1968, this had an adverse impact on inflation.

Record grain stocks

Currently, foodgrain stocks are at record highs of over 20 million tonnes. More important, the economy is buffered by a decade of growth that has exceeded population growth by 3 per cent per annum.

Also, on the plus side, the devaluation will mean an IMF loan and an improved international credit rating. This means that capital imports vital for growth will be able to continue.

Given the economy's inbuilt resilience, the government has, as expected, begun to follow devaluation through with a package of measures. Trade reforms have begun with the removal of duty drawbacks and export subsidies, and more changes will follow. These are necessary if devaluation is not to become a useless fifth wheel of economic development. Other structural reforms ought to include liberalising entry into and exit from industry (which has been hinted at) tougher control of trade unions and reduction of controls, such as administered prices. Only then will our economy be able to respond swiftly to additional demand from overseas and domestically. Nevertheless, the reforms already made are steps in the right direction.

However, other liberalisations such as reducing the credit squeeze are unlikely as this directly affects the success of the government price-control programme. The fall in the inflation rate from just over 12 per cent in January to 10.3 per cent in June means that the programme of monetary discipline introduced by the previous government has worked to control inflation. The new government is unlikely to give up this tool.

Category of deposit	Old rates (per cent)	Revised rates (per cent) from 4.7.91
46 days to 1 year	8.0	9.0
1 year to 2 years	9.0	10.0
2 years to 3 years	10.0	11.0
3 years and more	12.0	13.0

Note: Scheduled cooperative banks offer 1 per cent higher than the above rates.

This also means that high interest rates will continue. The Reserve Bank has accepted this reality by allowing banks to offer a percent higher on fixed deposits (*see table*). Meanwhile, the budget due on 24 July is likely to see stiffer taxes as part of the IMF's conditions to reduce the deficit.

However, helping the trade balance sounds merely like a worthy cause to the man on the street. What he is really concerned with is its effect on inflation and jobs. If the value of the rupee for domestic products matches the downward spiral of the rupee for foreign items, then the devaluation will be a wasted exercise. If it kicks in a recession as well, this minority government will quickly return to the opposition benches.

All this means that the bottomline for the economy, which is its rate of growth and job creation, should start to take off — though with a lag. The experience of countries which have succeeded with an IMF-sponsored programme of restructuring, such as Mexico and Peru, suggests that there will be a period during which things get worse before they get better — the notorious J-curve of growth. This is because there will be a period during which the shedding of wasteful expenditure will cut into aggregate demand. Once this is offset by efficient growth, the economy will pick up.

Dismantling the old regime

The old regime of quotas and selective duties has begun to be dismantled. This has its risks, especially obvious political ones. It should also be recognised that what we are seeing is not a genuine opening up of the economy by allowing free access to international markets and goods; it is, instead, an attempt to control the economy via the price mechanism. But it appears to be a necessary first step in the global integration of India.

■ RAFIQ DOSSANI

Loud protests, hard options

The two consecutive devaluations of the rupee against major foreign currencies and the announcement of a new export-import regime by the Congress-I government has placed the opposition parties in a quandary. The opposition, even while wanting to attack the policy changes, finds its hands tied. They all realise that there are very few soft options left on the economic front. It appears that when the minority government seeks a vote of trust in the Lok Sabha on 12 July, most of them might abstain from voting rather than oppose the continuance of the government.

When the rupee was depreciated for the first time on 1 July, the opposition had reason to cry foul. They had not been taken into confidence. But the problem was that even the government had not decided whether it should officially announce the depreciation. The second time, union finance minister Manmohan Singh took it upon himself to announce the decision. Yet the opposition leaders were kept in the dark once more. "People have to be explained the implication of the economic crisis," says the former finance minister and Janata Dal leader, Madhu Dandavate, "When I as the finance minister announced that the coffers were empty, I was taking the people into confidence."

BJP reaction. In fact, the BJP was the first party to react when it vehemently declared that its reading that the World Bank and the IMF were arm-twisting the country to meet preconditions for the loan turned out true. The party said that hard days were ahead as the economy was now being run by the foreigners. Said Govindacharya, all-India general secretary of the party: "Instead of rolling back prices to the 1989 levels in 100 days as promised in the manifesto by the Congress, we would witness a 200-300 per cent inflation in that period."

Janata Dal spokesman Jaipal Reddy felt that the step had been taken following unconcealed pressure by the IMF. However, when the changes in the trade regime were announced a day later by the minister of state for com-

TRADE POLICY

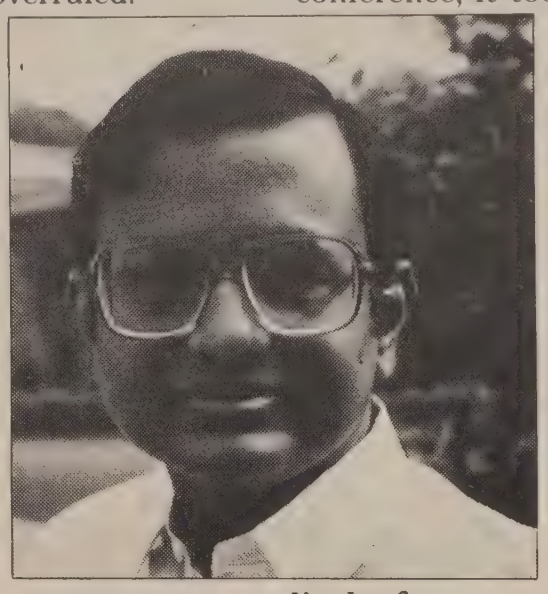
Brave new world

The policies announced so far by the new government mark a welcome break with the tinkering of the past, but sadly they do not go as far as they ought to

On 3 July, when the finance minister, Manmohan Singh, announced at a hurriedly convened press conference, that a new trade regime would be announced the same evening, officials of the commerce ministry were taken by surprise. Though Udyog Bhavan officials knew that their new boss P. Chidambaram was working out a new policy, they were also aware of the fact that much of the work remained to be done. Actually till 11 am on that day, that is three hours before Singh's press conference, Chidambaram himself did not know that he would be asked to announce a new policy before the day ended.

He found out only when he was summoned to a meeting of the Cabinet Committee on Political Affairs (CCPA) by the prime minister, Narasimha Rao, later that afternoon. At the meeting the only person who opposed the move was the former Congress party treasurer, and now family welfare minister, Sitaram Kesri, but he was soon overruled.

Singh took the decision to push for the announcement of a new trade policy an hour before the cabinet meeting when commerce secretary Montek Singh Ahluwalia called on him in his North Block office. However, the move had been initiated by the previous commerce minister, Subramaniam Swamy, who had prepared a strategy paper before he left office, a fortnight ago.



Chidambaram: radical reform

When minister of state for commerce (with independent charge), P. Chidambaram, revealed his new policy at a press conference, it took quite some time for the attending journalists to realise the magnitude of the changes that had been proposed. At a stroke, Chidambaram, ably assisted by Montek Singh Ahluwalia, had radically reformed the basis of India's trading system. At one go, he slashed export subsidies by nearly Rs.2,700 crore (estimated for 1990-91) and established a uniform REP rate of 30 per cent on all export earnings.

More importantly, Chidambaram expressed the hope that the government could make the rupee fully convertible within 3-5 years. And also that all import licences for capital goods and raw materials could be abolished.

The new policy is the first step towards linking all imports to exports. Essential imports like crude oil and petroleum products, fertiliser, edible oil and defence spending would however not be linked in this manner. It is important to realise that this is an important step but also that it spells out the objectives that the government hopes to achieve in the medium term rather than proposing an immediate prescription for the present. For example, India's total import bill in 1990-91 was about Rs.43,000 crore of which essential imports are estimated to be about Rs.15,000 crore. This means Rs.28,000 crore of "non-essential" imports have to be paid for. However, in this period, total export earnings were Rs.32,500 crore. At the newly announced 30 per cent REP rate, the total worth of the REP licences would be only about Rs 10,000 crore. This means about Rs 18,000 crore worth of imports cannot be paid for through the REP licences route now.

REP licences will now be called Exim Scrips and will be freely tradeable,

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merce, P. Chidambaram, the opposition had little to say. In fact, the BJP leadership feels that most of the points relating to trade liberalisation were mooted in its manifesto, although devaluation of the rupee was not. According to Govindacharya, the BJP has never been for a protected economy. However, he felt that due to these and further anticipated policy changes, the Congress could face increased agitations by labour and farmers.

Even VP Singh, during whose tenure as finance minister the country witnessed the first winds of liberalisation, feels that though the present measures are inflationary the country can come out of it. "I was for a delicensed raj from the very beginning," While indicating his apprehensions regarding the devaluation of the rupee, he feels that even if the government wants to open the public sector, there is little money with private parties. They will eventually come to the financial institutions and therefore to the government for help.

Left's dilemma. It is the left parties which are caught on the horns of a dilemma. They are dead set against any kind of opening up. Subsidy cuts is taboo. India is not ready for these changes, they say. We should pursue the 'small is beautiful', theory, says CPM politbureau member Prakash Karat. He calls for increased participation of workers in the public sector, further indigenisation and a cut in defence expenditure.

Even Yashwant Sinha, finance minister in the Chandra Shekhar government, says that cutting defence expenditure can greatly help, but there seem to be few takers for this idea. Sinha thinks the devaluation of the rupee has come about because no budget was presented in March this year. The lack of a proper budget froze everything, including all new projects. This created a fear abroad that India was facing an economic crisis leading to a lowered credit rating and drying up all financial aid. So a trade liberalisation regime is not exactly anathema. Most are reconciled to the fact that a protected economy will not work any further.

■ RUCHIRA GUPTA



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Tea: windfall gains

eventually by financial institutions too. In due course the Exim Scrips will be replaced with Foreign Exchange Certificates (FECS), which will be even more easily tradeable and thus allow their use in services exports. Essentially, the objective of the policy is to ensure that those who require foreign exchange earn it through exports. Or buy it in the form of Exim Scrips from the market.

Many economists and industry associations have been pleading for such an arrangement for a long time. And in fact, *Business India* first mooted the idea of the Exim Scrip as far back as December 1988 (*Business India*, 26 December, 1988). Our columnist Prakash Hebalkar argued then that the cumbersome REP licences should be replaced with freely tradeable Exim Scrips.

Gains for exporters

The present policy has done away with the differential in REP rates — ranging from 5 to 20 per cent — and, thus, will provide windfall gains for some categories of exporters. Says Chidambaram, "The new REP scheme gives maximum incentives to exporters whose import intensity is low. For example, agricultural exports which earlier had very low replenishment rates of 5-10 per cent will now gain considerably." Consider what will happen to the fortunes of tea exporters for example. In 1990-91, tea exports were estimated to be at Rs 1,000 crore. Earlier, the REP rate on these would have translated to a maximum forex availability of only Rs 100 crore. With the new rate of 30 per cent this will jump up to Rs 300 crore. Given the low import requirements of tea exports, this means the tea exporters can sell almost their entire REP licences at a premium!

However, the uniform REP rate does not take into acoount the import intensity of certain exports. Says economist Charan Das Wadhwa, "REP rates should have been dependent on net foreign exchange earnings and not on the FOB value of exports. At present, there is no discrimination between exports which are import intensive and those which are not. For instance, steel pipes and tubes hardly have 10-15 per cent value addition. But under this policy, they will earn 30 per cent." Gem and jewellery exports are another example of low value addition which will be unduly benefited.

Also, the present REP facility does not allow for NRIs to be given REP licences against the non-repatriable forex remittances they make to the country. *Business India* believes that the logical step would be to not discriminate between exporters and NRIs in this manner.

CCS redundant

As part of the new trading regime, cash compensatory support (CCS), which made up a large part of the country's export incentives, now stands abolished. Says Chidambaram, "The recent changes in exchange rates and the substantial liberalisation make CCS redundant, so it is being done away with."

The other implication of the abolishing of CCS is the fact that all exports will now have to compete in international markets on their own strength and also that the government will not favour one category of exporter over the others as it used to in the past with differential rates of CCS. Says Montek Singh Ahluwalia, "The commerce ministry is not in the business of favouring one exporter over the other."

However, F.C. Rustagi, president, J.K. Synthetics, disagrees with that view. He



Textile exporters are pleased

says, "The uniform rate will give an impetus to agricultural exports but other, more value-added exports may suffer." Says one corporate analyst, "What is the big deal about a uniform REP rate. Is exporting cars the same as exporting rice?"

Ravi Upadhayay, senior general manager (exports), Shree Meenakshi Mill, a Sanjay Dalmia group company which exports cotton yarn and polyester cotton yarn, though, is among the many exporters who are happy with the new policy. Says he, "We were getting CCS of 8 per cent of exports to quota countries. Now we will get REP at the rate of 30 per cent."

The new policy has no special provisions for public sector imports either. Says Ahluwalia, "It is not my business whether public sector companies can manage their imports or not. If they are not efficient they will have to suffer." But public sector imports are bound to become a serious issue. And how the government will deal with this remains to be seen. Interestingly, at a meeting of the council of ministers held on the afternoon of 4 July, the prime minister informed ministers with public sector companies under their charge about the new policy and asked them to co-operate with the commerce minister.



Ahluwalia : no favouritism

Among the other features of the new policy are the retention of the advance licensing scheme. Says Chidambaram, "This has been an alternative to the REP route for obtaining imports. It is expected that many exporters will find the REP route more attractive now. But for those who wish to go through advance licensing, this route will remain open. The replenishment rate for advance licenc exports will be from 10 per cent of net fo eign exchange earned to 20 per cent."

Chidambaram also plans to decanalis the import of all items except those tha are essential. The entire canalisation po icy is under review, he says. This woul obviously be welcomed by users of cana lised imports but will seriously jeopardis the future of the two large public secto canalising agencies, MMTC and STC.

Chidambaram is quite optimisti about the thrust the new policy will giv to exports in the current year. He says "Exports will grow by 9 per cent in dolla terms this year. And then the country wil soar in the high skies of internationa trade." Some experts, however, think this is too optimistic a view given the infrastructural constraints like poor transportation facilities and power shortages that plague industry.

Step in right direction

Certainly, the policies announced so far mark a break with the tinkering of the past. Sadly, they do not go as far as *Business India* thinks they ought to. On the other hand, they are clearly a step in the right direction. Also, it appears as if the government has realised for the first time in forty years that trade policy is the most important and the most effective tool that it can use to not only restructure the economy but also to give a thrust to an economy in which market forces play the major role.

Even a cursory appraisal of the role of the government in the Korean and even the Japanese economy, for example, clearly shows that intelligent trade policies have helped to get the most distance out of the resources at the disposal of the two countries. This is now equally true for India. For example, once the industrial licencing policy is abolished, like *Business India* has always maintained it should be except for a small number of strategic industries, the only way the government can play a role is by policy thrusts in trade policy.

The best part of the trade policy becoming the most important tool of government lies in the fact that this will bring India in line with the rest of the world and perforce speed up the integration of the Indian economy with that of the world. So that we become equal partners in the new economic order that the world has already embraced.

■ KINGSHUK NAG with RUCHIRA GUPTA and DILIP MAITRA



The new trade policy, along with devaluation, will take exports to new heights

PARKE-DAVIS

Life after merger

Amalgamation with the sister concern has improved the prospects of the company. Sales have increased, relaunch of star products have clicked, and the scrip now commands a healthy premium

Had it been any other industry, there was a distinct possibility of making a killing. Thanks to the import restrictions imposed by the Reserve Bank of India, chloramphenicol-based drugs are suddenly in short supply in the market. Yet, a manufacturer like Parke-Davis India Ltd (PDL), whose chloromycetin is perennially in great demand, cannot take any advantage of this godsend opportunity. The reason: chloromycetin, and 80 per cent of the other drugs manufactured by PDL, fall under the dreaded Drug Price Control Order (DPCO) and the company cannot increase its price even though market forces dictate it.

Had it been any other company, its senior executives would have been upset at this lost opportunity. But the top brass at PDL is taking it in its stride. The reason is a move PDL made 32 months ago and whose results are now bearing fruit — amalgamation with sister concern Warner Hindustan Ltd (WHL). As a direct result of the merger, PDL does not have to be fully dependent on pharmaceuticals for its bread and butter.

A brilliant move

The fortunes of WHL, a subsidiary of the Warner Lambert Company, USA (1990 sales: $4686 million from operations in 40 countries) became inextricably linked with those of PDL after its parent company acquired the worldwide interest in Parke-Davis in 1970. But the long-delayed merger between the two Indian subsidiaries came about only in September 1988.

The result went much beyond a synergy in the strengths and resources of the two companies. In retrospect, it was a brilliant move on the part of the PDL management to escape from the clutches of the restrictive DPCO. Says an industry observer, "They were struggling to come out of a difficult situation and I think they have done a marvellous job."

Incorporated in 1958, PDL is ranked among the top bulk drug and formulation manufacturers in the country. Some of its products, manufactured at the Andheri plant in north Bombay, have become household names over the years — Chloromycetin (India's first broad spectrum antibiotic), Benadryl (an antitussive), Ferradol tonic, Neko medicinal soap and Abdec vitamin drops. And WHL's plant at Uppal, Hyderabad, has been turning out some of the best-known Indian OTC drugs, personal products and confectioneries — Waterbury's tonic, Sloan's pain balm, Listerine mouthwash, Halls cough-tablets and Chiclets chewing gum.

As expected, consumer products have started playing a significant role in the post-merger, new-look PDL. Around the time of the merger, only 9 per cent of the total PDL sales came through consumer products. In 1989-90, this division contributed towards 12 per cent of the total sales of Rs.81.19 crore. And according to the just released figures for the financial year ending March 1991, 15 per cent of the total sales of Rs.92.4 crore came from consumer products.

Photos: Pankaj Desai



Banatwala: optimistic



PDL plant at Bombay: no scope for expansion

Higher profit

Along with an increase in sales, there has also been a jump in gross profit from Rs.6.05 crore to Rs.7.28 crore. The company declared a 24-per-cent dividend this year as against 35 per cent in the previous year, but since the new dividend is payable on an enhanced capital following a three-for-five bonus issue, it works out to 38.4 per cent.

PDL's shareholders have become used to this kind of high dividend from this consistent performer. Says Venkappa Agadi, group director (finance division), "Why shouldn't we keep our shareholders happy? As it is, today there are so many other alternatives like 14 per cent company fixed deposits and 18 per cent tax-free government bonds."

Heavily traded

While Warner Lambert holds 40 per cent of PDL's Rs.12.05 crore equity, 17 per cent is with the financial institutions and 36 per cent with the public. A Rs.10 paid-up PDL share is now being quoted at Rs.72 and though the company is not planning any immediate expansion/diversification, it is among the heavily traded group A scrips. After the amalgamation, PDL has suddenly become a company to follow.

The merger was masterminded by chairman and managing director (CMD) Ramesh Banatwala who was hoisted to the top chair in India after being brought in from Hong Kong where he was Warner Lambert's regional president, south-east Asia/India region. "Our parent corporation had earlier thought of concentrating on China but then concluded that India was miles ahead in terms of opportunities," says Banatwala.

The merger process, which began in March 1987, could be concluded only 18 months later. "Mergers in India are complicated affairs," says the CMD. "We had to take shareholders' approval, get the merger okayed by the Bombay and Hyderabad high courts and make the rounds of a host of ministries." As part of the amalgamation process, seven Parke-Davis shares were allotted against five Warner Hindustan shares. After the merger, the equity capital of PDL stood at Rs.7.53 crore.

An old Warner Lambert hand (he has been with the group for 18 years), Banatwala has still not got used to the Indian government's "step-motherly" attitude towards the pharmaceutical industry. "Thanks to the government's restrictive policies, our profitability is taking a beating even while production costs are shooting up."

Another step to be deplored was the arbitrariness of the government in removing certain drugs from DPCO and then suddenly bringing them back into price control. Devinder Pal, group director (manufacturing division), who is in charge of the two plants, lashes out at the government's policies towards the drug industry. "We are controlled by two ministries (health & family welfare and petroleum & natural gas). While one ensures that there is no shortage of medicines, the other enforces price control. Why should we not report to just one ministry?" he asks.

Happy position

Pal is one of the five group directors who were given independent charge of a major division each, immediately after the amalgamation. With the merger complete now, the two former sister concerns are in the happy position of enjoying several advantages. For instance, the Bombay plant has access to the well-equipped, ultra-modern R&D centre at Uppal which has been recognised by the government of India's department of scientific and industrial research.

Again, the combined field selling and distribution infrastructure of the two companies makes it a potent force. "We are suddenly in a commanding position after the merger," says Agadi. "Earlier, if we required 500,000 bottles, we now require 1 million bottles and can thus ask for a better price. Again, which transporter will not give us a good rate for 200 trucks?"

And then, of course, there is the big advantage of escaping from DPCO restrictions. Admits Agadi, "Many of the products of the erstwhile Warner Hindustan — which now come under our consumer products division — are free from price controls." Adds Banatwala, "Most of our pharmaceutical activities don't help with our profitabilty in any way. But they merely help us reduce the losses."

PDL has lost no time in exploiting its newly acquired goldmine. Immediately after the merger, the company went all out to promote its star consumer products and revive those that had lagged behind. "Our company took on a new mission — to make consumer products a growth priority," says Nitin Ghadiya group director (consumer products di sion). Innovative packaging, price rati nalisation, heavy advertising and an a out point of sale (POS) display campai did the trick. According to Banatwal consumer products are destined to pl an even greater role in the future and the next few years, should be able to co tribute to about 50 per cent of the tot sales.



Pal: lashing out against the government

Market share improves

Halls was launched in "pillow" packs ar a line extension — Halls Icemint — wa introduced. It now commands a 22 pe cent share in its market segment eve though it competes with such giants lik Vicks (Procter & Gamble) and Strepsil (Boots). Listerine was repackaged with new label and cap and continues to be market leader in spite of intense competi tion from Parle's Prudent. The formula tion of Chiclets was changed before re launching it with a high-profile ad cam paign. In the last six months alone, th market share of the product has jumpe from 0.2 per cent to 6.7 per cent. "As a result of these successes, the overall con fidence of not only our division, but also that of the entire company has gone up," claims Ghadiyar.

There are other reasons as well for the smiles all around. The company boasts of an established marketing network

(21 depots, 750 stockists and 110,000 retailers for the consumer products alone). And then, of course, there are the well-established brands. While the consumer products are now enjoying a new lease of life after the image-building exercises, PDL's high quality formulations have enjoyed a good reputation among doctors for long.

Praiseworthy ethics

Even competitors acknowledge PDL's high ethical standards. "Not many companies would have done what Parke-Davis did with its Chlorostrep," praises the production chief at a major pharmaceutical company. In 1985, PDL had launched Chlorostrep, an anti-diarrhoea antibiotic and it was immediately accepted in the market. Yet, when the company's ongoing research on the drug revealed that it was not having the full effect it was meant to, the company pulled out the drug from the market.

PDL is acknowledged as a very well-run, professionally-managed company, even by competitors. "They practise excellence in management," praises one of them. Its training programmes, conducted in close conjunction with the parent company abroad, is the envy of many an HRD manager. The close association with Warner Lambert in terms of ready access to marketing know-how and new technology also helps PDL.

Prudent financial policies, with emphasis on good management of assets and cash balances, have also served the company well. For instance, in 1989-90 (the last year for which full accounts are available), the company paid an interest of only Rs.55 lakh — quite an achievment considering that sales that year were Rs.81 crore. One way this was achieved was by avoiding the overdraft facilities available with the consortium of seven banks the company deals with and instead going in for instruments like fixed deposits. "We have a long tradition of efficiently managing working capital — and this is the key to successful financial control," says Agadi.

PDL makes it a point to restrict its receivables, to 21 days. "While other companies stop selling two weeks before closing their accounts, we maintain sales down to the last day so as to bring down receivables," reveals Agadi. PDL's gross profit margin (GPM) of 7.5 per cent last year compares favourably with the figures of similar-sized companies — Roche Products: 5.5 per cent, E.Merck: 4.6 per cent and Burroughs Welcome: 4.3 per cent.

At PDL, employee costs are pegged at a low 15 per cent — a very good achievement in an industry known for its high employee costs. One way this has been achieved is by freezing new employment and introducing voluntary retirement scheme (VRS) at the Bombay plant. P.M. Nayab, group director (human resources division), however, feels that not permitting new expansion at the Andheri facility is the main reason why they have stopped recruiting people.



Uppal plant: source of consumer products

Productivity declines

But an employment freeze and the introduction of the VRS scheme had become very necessary since the productivity of the workforce, particularly at the Bombay plant, had started declining, perhaps due to age. The average age of the women working on the Benadryl and Ferradol packing lines, for example, is 45 years. Also, at the Bombay plant, the labourers are highly unionised. "Compared to the Bombay workers, the Uppal workforce puts in longer hours. They accept lower wages and are also easier to negotiate with," says a middle level manager.

There are other problems as well. According to the manager quoted above, PDL suffers due to excessive control from the Morris Plains (New Jersey) headquarters of Warner Lambert. As a result, decision-making is slowed down and in the past the company had missed good opportunities for diversification.

Opportunity lost

In 1986, PDL had acquired a licence for manufacturing razor blades and shaving systems. But the parent corporation could not make up its mind about going the full hog. In the meanwhile, another international giant, Gillete, entered the Indian market. PDL lost what could have been a golden opportunity and later surrendered the licence. Had it remained in the field, it could have had quick access to a recently-introduced Warner Lambert best-seller: the Tracer flexible razor cartridge, made of special plastic, which allows the razor to bend according to the contours of the shaver's face.

The settlement for the marketing forces has been another problem area. While unifying finance functions and purchase activities and evolving common managerial systems took less time than expected, the bargaining sessions with the unions representing the sales personnel is taking longer. A settlement was reached with the 200-strong erstwhile Parke-Davis marketing team on 1 July, by which its sales force has agreed to sell products of the erstwhile WHL also. A similar settlement is expected to be signed with the 200-strong WHL salesforce within a month.

"Once these settlements are made, our 400 salespeople selling our full range of products across the country will become a force to reckon with and we will emerge as a strong Rs.100-crore-plus company by next year," says Banatwala optimistically. That, and the company's Rs.8-crore expansion plans (land has been acquired at Waluj and Mahad for pharmaceutical and chemical production, respectively) should keep the focus on PDL for a long time to come.

■ RAJU BIST

GOLDSTAR STEEL & ALLOY

Opportunity knocks

Political association, though indirect, is contributing positively towards the company's prospects. And its sponge iron project, nearing completion, may prove to be a goldmine

The upward spurt of a scrip in the stock-market makes people sit up. Especially when it is of a low-profile company located in the slow, slumbering Nizami city of Hyderabad. This company which witnessed its market price shooting up from Rs.16 to a high Rs.19.75 in Dalal Street, Bombay, is Goldstar Steel & Alloy Ltd.

What makes this company so special all of a sudden? Is it excellence of the product? No. Because the importance of sponge iron as an import substitute item depends on government import policies. And over the past few years, with the foreign currency crunch, it has remained consistently in the priority sector. Then, is it the promoter? Yes. For one of the directors on the board of Goldstar Steel is P.V. Prabhakar Rao, son of the new prime minister, P.V. Narasimha Rao. Prabhakar Rao, an electronics and electrical engineer by training, is also managing director of Sinclaire TV and associated with hire purchase and leasing/investment business. Low- profile and soft-spoken, he is not actively involved with the day-to-day functioning of Goldstar Steel, his friends say. His share in the promoters' capital of Rs.16.7 crore is also not sizeable. But, being son of the prime minister has helped, or so the market feels.



Prabhakar Rao: celebrity status

Rechristened

Goldstar Steel & Alloy was formed in 1985. But it was a part of the Priyadarshini group which dealt with cement and spinning mills. When the group split, N. Krishna Mohan, the present managing director of Goldstar, got this sponge iron plant, as part of the spoils. He rechristened it Goldstar Steel & Alloy to bring it into the Goldstar group consisting of Goldstar Holding and Industries Ltd and Goldstar Cements Ltd.

The project, with a capacity of 220,000 tonnes of sponge iron per annum, is located in the backward area between Malliveedu and Sreerampuram villages, 35 km away from Vizag. The envisaged project cost of Rs.125 crore was met by term loans of Rs.66.8 crore in Indian currency, Rs.16.9 crore in foreign exchange and Rs.41.5 crore through equity. The promoters' contribution of the equity was Rs.16.5 crore, foreign collaborators' Rs.2.3 crore, and APIDC's Rs.0.41 crore. The balance — Rs.22 crore — was raised through equity shares of Rs.10 each for cash at par. The issue, which opened on 4 March 1991, was oversubscribed four times according to the bankers who handled the issue.

For this sponge iron project, Goldstar entered into technical and financial collaboration with Mannesmann Demag Huttentechnik (MDH) of Germany, the world's largest suppliers of metallurgical plants. MDH had recently taken over the metallurgical equipment division of Krupp Industrie Technik GmbH, Germany. According to P. Srinath, chief executive of Goldstar Steel, the company opted for the proven coal ore direct reduction (CODIR) process of Krupp (which uses readily available non-coking coal as reductant) rather than the Lurgi technology. The reason was that the plant and machinery were more rugged, and better suited to Indian conditions. Sunflag, a 150,000 tonne single stream sponge iron plant promoted by a group of NRIs had also used Krupp technology which enabled Krupp to pass on its three years of cumulative experience with Sunflag to the Goldstar plant. Apart from equipment imported from Mannesmann Demag, indigenous equipment was procured from Buckau Wolf too.

Advantages

According to Krishna Mohan, the plant has several advantages. Firstly, supply of raw materials, iron ore and coal has been tied up. Sized iron ore will be supplied from the Bailadila mines in Madhya Pradesh; while non-coking coal will be obtained from Talcher in Orissa. Being located on the K.K. railway line (Kirandel-Kottawalsa), heavy transport costs have been avoided, as the material would come directly to the site.

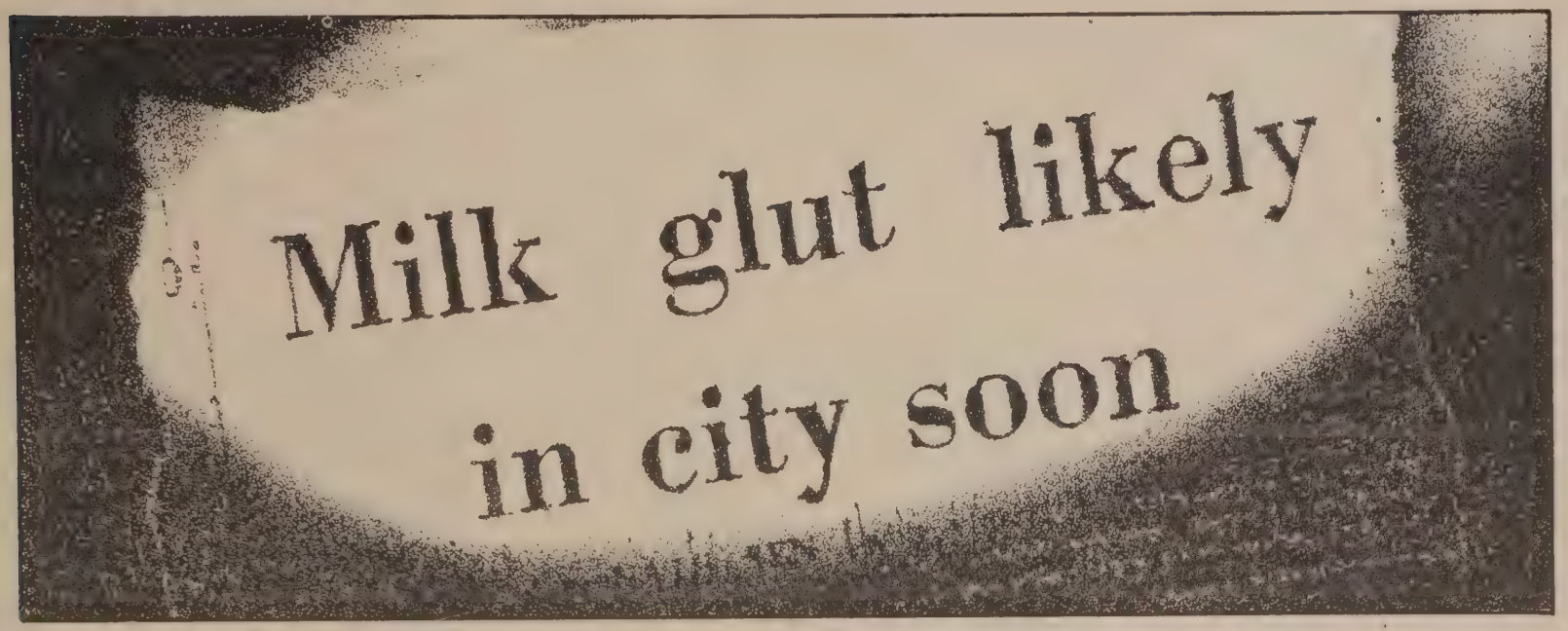
An industry spokesman states that work on the Goldstar project is progressing almost on schedule with expectations of going on-stream in October 1991. This is chiefly because the company has absorbed the best talent in the sponge iron industry. For example, Srinath, their chief executive, was with Sponge Iron India Ltd (SIIL), when the first sponge iron plant was set up in the country. Also, marketing tie-ups have been worked out with Vizag Steel Plant in the neighbourhood and Bhilai Steel Plant. These large steel plants consume as much as 500 tonnes of sponge iron a day in the LD convertors as coolants.

The projected demand of sponge iron in India is at present 2.4 million tonnes per annum and the supply approximately half this figure. To meet this demand, several plants are coming up — Grasim's gas-based plant in Madhya Pradesh, Kumar Metallurgicals in Andhra Pradesh and HEGL in Raichur. But perhaps Goldstar will be the first among these to go on stream, says an industry spokesman.

Goldstar Steel & Alloy has a headstart over others as far as time, professional management and special relationships are concerned. So, this entrepreneurial alchemy may, perhaps, work and Goldstar could very well become a goldmine. ■

MEERA SHENOY

TO MOST PEOPLE IT WAS JUST ANOTHER ARTICLE


Milk glut likely
in city soon

TO NICHROME IT WAS A CHALLENGE TO BE MET

June 29, 1976, was the day when the above article was published in The Times of India. It gave information on Operation Flood and the need for automation in packaging a large quantity of milk everyday.

This was the article that helped Nichrome foresee the need and importance of reliable packaging solutions in India. And it gave them the inspiration to enter the field of packaging.

Nichrome took up the challenge and met it successfully by indigenously developing a Form-Fill-Seal machine – Filpack, to pack milk and other liquids in poly-packs.

Today Operation Flood is a success. It has also helped the co-operative movement and polythene industry grow. It has made milk freely available in poly-packs upto the taluka level. Nichrome's packaging machines played a considerable role in the success of Operation Flood.

Since then accepting challenges has become a way of life at Nichrome.

In the process Nichrome has clearly emerged as a pioneer and leader in packaging systems. Thanks to Operation Flood, The Times of India and Nichrome's clients who trusted them for packaging their products.

Nichrome now offers a state-of-the-art, indigenously developed fit and forget range of packaging machines, that guarantees speed, accuracy and economy. A range that packs solids, powders and liquids like milk and milk products, tea, coffee, detergents, snack foods, pharmaceuticals and chemicals.

Nichrome believes in offering total support. It has also developed and installed conveyerised, microprocessor based automation lines for packaging products round-the-clock.

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FENNER INDIA

Classic turnaround

The Singhanias of the JK group took over this company when it was gasping for breath in 1987, and have since successfully turned it around

Here is a classic turnaround of a company that went under but was revived and restored to health. In 1987, there seemed little hope for the industrial rubber belts manufacturer, Fenner India Ltd, the Indian subsidiary of Fenner UK. The company was in the red and steadily losing its earlier pre-eminent position in the market to competitors even though it was a 'dominant undertaking' for many products. But now, four years later, Fenner's situation seems to have undergone a sea change.

Fenner began operations in Calcutta in 1929 as a marketing outfit. In 1955, it changed its name to Fenner Cock Ltd and started manufacturing operations in Madurai. Again, in 1974, the company changed its name to Fenner India Ltd, when the foreign exchange regulations act came into being. It now manufactures V-belts, fan belts, conveyor beltings, automotive belts, industrial electronics, pneumatic power handling equipment and oilseals.

In 1986-87, the company ran into a loss of nearly Rs.2 crore on a turnover of Rs.40 crore. Two years later, in 1989-90, it had notched up a turnover of Rs.62 crore and a profit before tax of Rs.6 crore. The results for 1990-91 are currently being collated and company sources expect that they will match last year's performance. It thus appears that Fenner India is not only back and bouncing but also probably on its way to greater heights.

An Indian partner

In 1987, alarmed at the declining fortunes of its Indian subsidiary, Fenner UK decided that only an Indian partner, rather than professional managers, could stem the rot. In came the Hari Shankar Singhania branch of the JK group. Madura Coates, which held 25 per cent of the shares of Fenner India, disinvested in favour of the JK group. This set the Singhanias firmly in the driver's chair. They brought with them a new philosophy and a new way of doing things. Thus was initiated a process, the results of which are now being seen.

Says Raghupati Singhania, Hari Shankar's younger brother and vice-chairman of Fenner India, "Before we took over, Fenner was a typical foreign-managed company. Till about 1980, it was operating in a seller's market and pricing was on a cost-plus basis. This had led to complacency and also large overheads. So, when things started changing, the company could not cope up." His other contention is that, with expatriates at the helm of affairs, things got complicated. Each new boss was interested only in showing good results in the balance sheet during his tenure, and not in the long-term health of the company.

When the Singhanias took over, they realised that they had to change the way the company was run. Accustomed as it was to operating in a monopolistic situation, Fenner was floundering in the increasingly competitive business environment. This realisation, and the formulation and implementation of policies against this backdrop, helped the company to stage a comeback.

Problems identified

After changing the top management team pretty quickly — though Raghupati Singhania says, "We kept as many of the original team as possible" — the Singhanias quickly identified the specific problems which afflicted the company. Says R.C. Gupta, managing director, who left the Thapars to join Fenner, "There were several problems like high costs, overmanning, low productivity and badly managed finances. On each of them action was taken."



R. Singhania: coping with change



Fenner India headquarters: back and bouncing

Elaborates S.K. Budhiraja, executive director for finance, "We found that there was very heavy borrowing from the corporate world at rates of 22 per cent. This was necessitated by the fact that the cash inflow was very poor. Dealers were taking advantage of the lax management of the company and delaying payments. There were huge outstandings."

As a first step, the new bosses of Fenner tightened credit to dealers and recovered, the outstandings, at

least partially. Says Raghupati Singhania, "This generated enough cash flow and enabled us to fund additional working capital requirements. This saved us from having to infuse cash as normally happens in the case of losing companies."

A close look was also taken at costs. Again due to complacency, costs were very high. A massive cost reduction programme was initiated including substitution of certain materials, energy savings, stoppage of scrap wastage, and a reduction in the rate of rejects. To achieve further reductions in costs, the small plants in Faridabad and Calcutta were closed and shifted to Hyderabad. Now it has plants only at Hyderabad and Madurai.

At the same time, there was rationalisation of labour. Within 16 months of taking over, the Singhanias managed to reduce the manpower from 2,500 to 1,600. This was achieved through a voluntary retirement scheme which meant an average payment of around Rs.80,000 per retiring employee (including statutory payments). Simultaneously, the management entered into a revised productivity-based contract for five years with the workers.

The result of the last two steps was a 60-per-cent increase in productivity in terms of the manpower employed. Wage costs, which earlier comprised 14 per cent of the company's expenses, were reduced to 10 per cent.

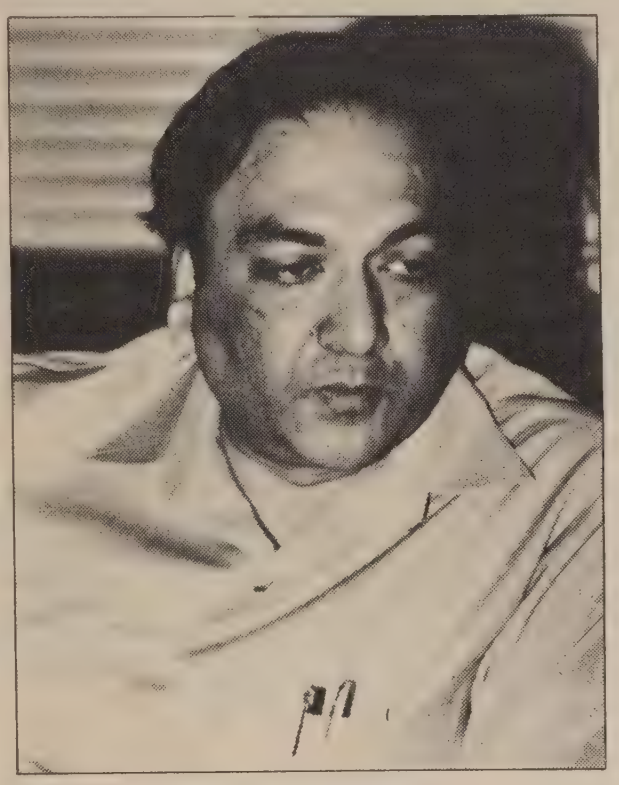
Labour unrest

Though the management claims that industrial relations have remained "generally cordial" and that the trade unions have been by and large co-operative, there has been labour unrest. For example, in 1990, workmen at the Madurai plant resorted to a strike, which was followed by a lockout. That tangle was resolved only after three months and not before there was substantial loss of production.

On the marketing front too, the new managers had a daunting task. By 1987, the whole marketing team was out of gear and the dealer network was in a shambles. The team had no contact with the actual customers and this had led to improper product planning. Stocks of the Fenner products demanded by consumers were not available with dealers.

Worse still, newer companies in the field were taking advantage of Fenner's inabilty to service the market's demand. These included Hilton Rubber, Dunlop, Goodyear, Superseal and Andrew Yule. Not surprisingly, sales of some Fenner products in 1986-87 witnessed drops of as much as 30 per cent. And in a manner more suited to the public sector than the private, efforts to push goods were made only in the last quarter of the year, sometimes with discounts of as much as 80 per cent!

Says K.T. Reddy, executive director, marketing, who was drafted from JK Tyres: "First, we restructured the marketing department and shifted the marketing headquarters from Bangalore to



Gupta: product development

Hyderabad. Thereafter, the whole dealer network was reorganised — at the time of our takeover, a few distributors were controlling the whole show. This was rationalised and the structure was broadbased." The discount and pricing structures were modified and an effort was made to establish direct contact with consumers through personal meetings and seminars.

The Singhanias also looked closely at the company's product range. While in some cases it was decided to push sales of original equipment, in others the emphasis was shifted to replacement sales. Efforts were made to rationalise the product mix and an investment of Rs.7.5 crore was made for modernisation and balancing equipment. Says Gupta: "We also analysed where technology from Fenner UK could be brought in. On this basis, there was further product extension and a thrust on product development, especially in import substitution, energy saving and highly technical areas."

At an aggregate level, a renewed thrust was made for sales promotion and advertising, areas which had stagnated after 1985-86. Says Gupta: "We took steps to increase the visibility of the company and launched corporate and product campaigns to project ourselves as a multi-product company. We wanted to send the message that Fenner is a company which offers a total package in power transmission equipment." Now, with the company having stabilised, it is the perception of the management that the time is ripe for planning diversifications and engineering a quantum jump in turnover.

Established brand names

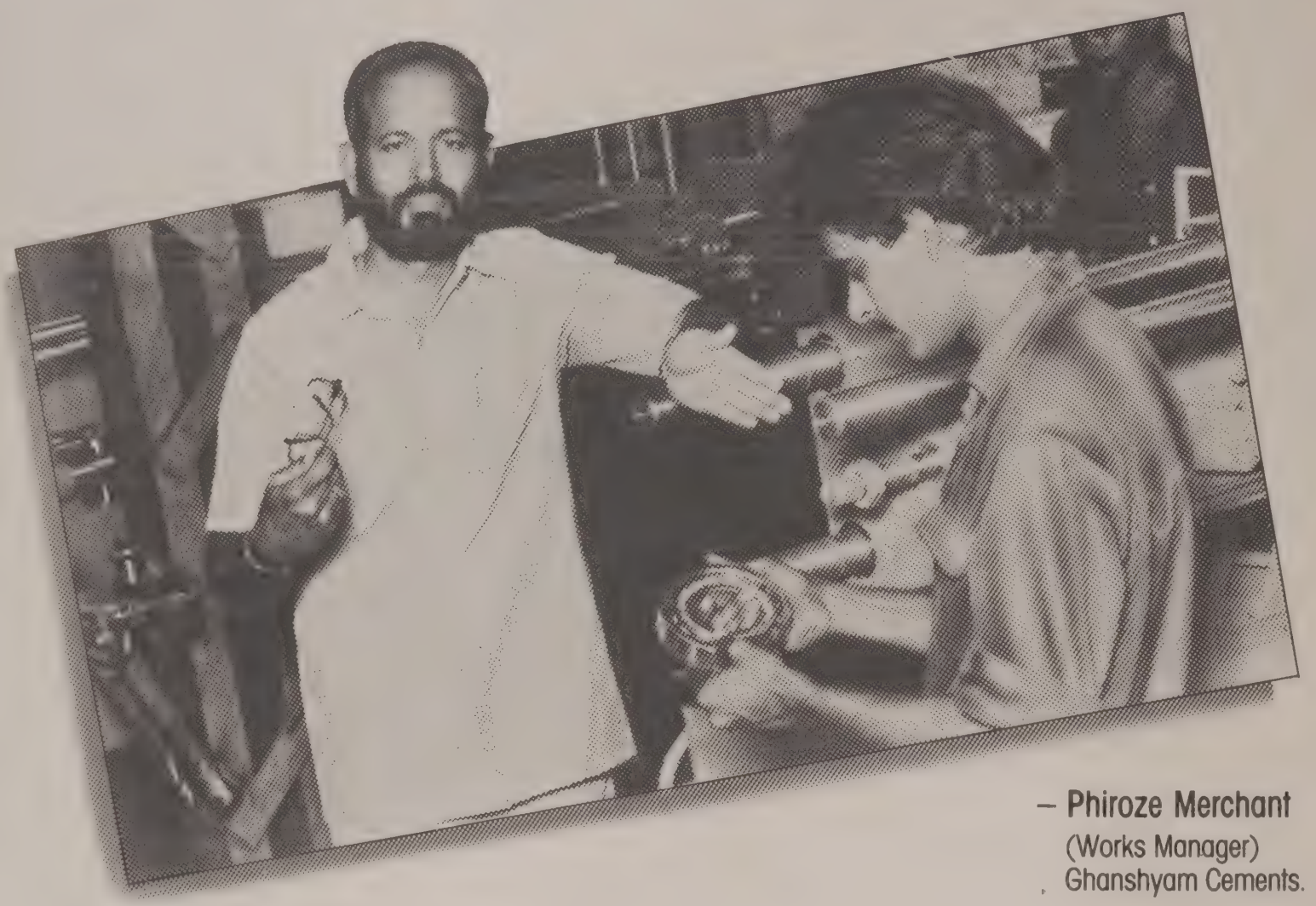
There are many losing companies in India which change hands, but not all of them manage to turn the corner and start to make money. Then how is it that Fenner India managed?

Says an analyst, who has worked for many years in Fenner before it came into the control of the Singhanias: "It must be remembered that Fenner is a company with established brand names. The brand name is of 1929 vintage in India. It has a sound technical base and is a subsidiary of a world leader in the field. It was doing badly only because of lack of proper direction. It is not as if the Singhanias had to establish the company; they only had to implement proper systems. To that extent, their task was not very difficult. Also to be noted is that Fenner was not an irretrievable case; it was down for only two or three years. Had it been losing for longer, things would have been much more difficult."

About his success with Fenner, Raghupati Singhania says: "We changed the whole culture of the company and gave a thrust to practical management. We had our goals clear and never shirked in taking decisions which we thought had to be taken. In fact, we never shied away from taking surgical steps. Thus, our policy has been to face the music rather than let problems linger on. This ultimately enabled us to put the company back on an even keel, even though it meant strikes and lockouts. And, of course, we were helped by the fact that there was no interference at all from Fenner UK." Gupta adds: "Being very effective bottomline managers was a key to our success."

That, then, is the story of the turnaround of Fenner. And, in a country like India where there are many sick companies, it clearly stands out as an example.

■ KINGSHUK NAG



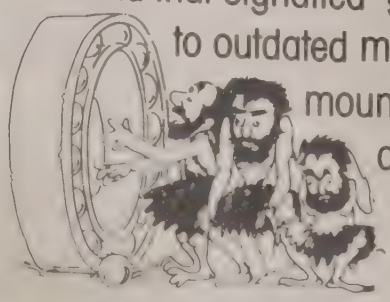
– Phiroze Merchant
(Works Manager)
Ghanshyam Cements.

"Imagine a load of manpower, struggling with 101 tools to mount or dismount large bearings. I've chosen the SIBCO® Oil Injection Pump instead"

On the factory shopfloor, 5 or 6 Fitters perpetually struggled to mount or dismount large size bearings with an array of crude tools and tackles.

Very often, at Ghanshyam, an entire shift was spent on this operation, so Merchant on a hunch, called SKF. "SIBCO® Oil Injection Pump!" they offered.

A new product concept. It eliminates the interference force by building up a thin oil film between bearing and shaft, thus making it possible to slide the bearing easily, on or off the shaft.

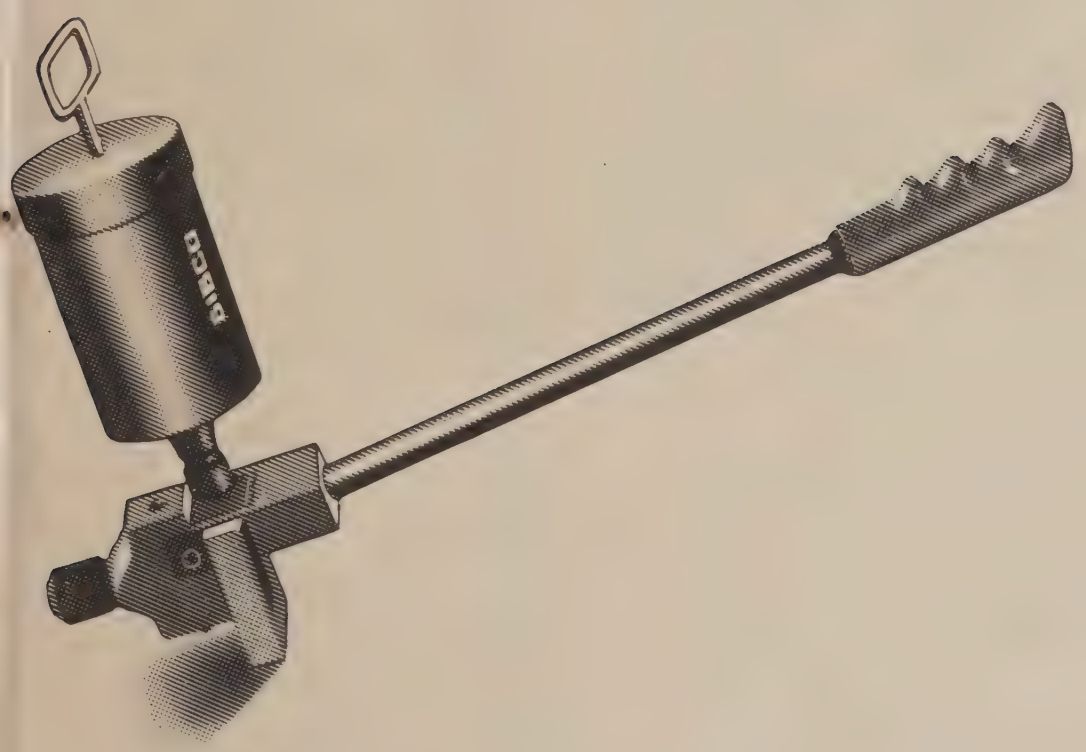


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JAIPUR METALS AND ELECTRICALS

Meter slows down

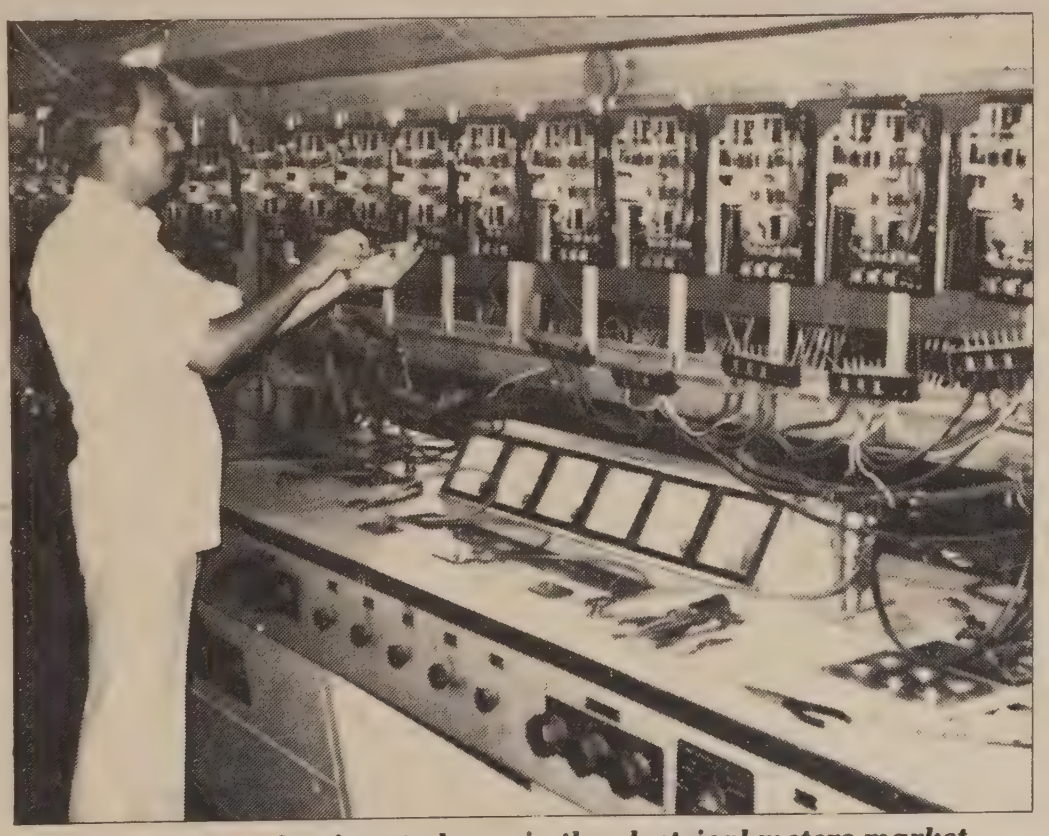
Despite a major share of the equity going to the workers, the company's performance has not improved considerably. There are problems galore and even the diversifications planned are not likely to boost the bottomline

Six years ago, Jaipur Metals and Electricals Ltd (JMEL), the electrical meters manufacturer, became one of the first companies in the country to hand over a controlling equity stake to its workers. By then, the financial condition of the Jaipur-based company, owned by the Kamanis, was in a shambles. The agreement — worked out at the instance of the Rajasthan state government in January 1984 — gave the workers 60 per cent of the equity, in return for a wage freeze for the next five years. The state government kept 20 per cent of the equity and the balance was picked up by the financial institutions. But after an impressive performance in the first few years, JMEL is now gasping for breath once again.

In the first year after the agreement, the company had posted a gross profit of Rs.2.85 crore, with the net profit reaching Rs.1.01 crore. Factors that helped the turnaround were the wage freeze, financial reliefs and concessions (the interest rate on working capital, for example, was lowered to 13.5 per cent per annum, and a waiver of penal interest and other relief to the tune of Rs.1.36 crore eased the financial pressure greatly) and the company's reputation for quality products (which had remained unblemished through the long slide into the red, keeping customers still loyal).

The efforts of the workers and the management to raise production levels also helped a lot. The Rs.75 lakh the company earned when it sold 30,000 sq metres of prime land in the same year came in useful. Says Inder Singh Kavadia, the then chairman and managing director, "The decision to sell the land was taken because it had become necessary to mobilise resources quickly."

Set up in 1943 by the Kamanis, the company's losses by the end of 1983-84 stood at Rs.5.75 crore. By that time, the entire capital employed had been eroded and the Kamanis had lost interest in the company. In fact, they had wanted to go in for a 'voluntary liquidation' as early as 1977, but the government had baulked. Seven years later, when it engineered an equity-for-wage-freeze deal, the main purpose was to safeguard the interests of the personnel who would otherwise have lost their jobs.



Inside the plant: dominant player in the electrical meters market

Decline in performance

The company's best year was 1986-87 when net profit touched Rs.2.98 crore on a turnover of Rs.18.13 crore — a net margin of 16 per cent. Profitability since then has been declining. During the five-year period 1986-91, while turnover grew nearly two-and-a-half times, the gross profit went up by only Rs.43 lakh. And net profit declined over three-and-a-half times during the same period.

The decline in performance had begun in 1988-89. One reason for the debacle was a 27 per cent hike in the minimum wage by the government in August 1988 which raised the daily wage from Rs.11 to Rs.14. In August 1990, the government raised the minimum wage again to Rs.22 per day — a 57 per cent hike. Also, the power tariff went up by 22 per cent from Rs.1.20 to Rs.1.46 per unit in April 1990.

The company retrenched about 500 apprentices after the first wage hike, paring the staff down by a fifth. But the layoffs cost it Rs.41 lakh, though company officials claim that nobody was given a golden handshake. It has not laid off any more employees since. Net profit per employee which was Rs.12,040 in 1986-87 declined to Rs.4,100 in 1990-91. However, turnover per employee increased by the same ratio during the period, indicating that labour productivity has not been responsible for the decline in profits.

Profit margins are expected to fall further in the next year. Ranjeet Singh Kumat, the present chairman-cum-managing director, says that though turnover is projected to touch Rs.93 crore in 1991-92, net profit is likely to be only Rs.2 crore. One explanation for this is the hike in wage and power bills. Two other factors that have contributed to the poor progress are the company's rising interest burden and its dependence on imported raw materials. (In 1991-92, JMEL will import 3,000 tonnes of copper cathodes valued at Rs.32 crore for its continuous casting plant.)

Interest and finance charges which were only Rs.1.11 crore in 1987-88 doubled to Rs.2.23 crore in 1989-90. And though Kumat claims imported copper cathodes are Rs.3,000-3,500 cheaper per tonne than those available domestically from the Minerals & Metals Trading Corporation (MMTC) and Hindustan Copper Ltd, and better in quality, the high cash margins on letters of credit make extraordinary demands on JMEL's working capital. The company employed working capital of Rs.21.50 crore in 1990-91 compared to Rs.15.37 crore in the previous year. However, during the same time, turnover went up by only Rs.4.2 crore, showing that it was managing its working capital poorly.

Kumat's assessment is that he will need

only Rs.16 crore in working capital this year to touch a turnover of Rs.93 crore, an argument difficult to accept, given the recent performance. Further, even this amount is not provided for — there is a Rs.4-crore shortfall as the company's bankers (State Bank of Bikaner and Jaipur, Central Bank and Oriental Bank) have offered only Rs.12 crore till now. Their explanation is that they are currently reassessing JMEL's working capital needs and may release more money soon. Says the company's general manager, G.K. Purohit, "We do not have any problems on account of working capital." Bankers admit that JMEL is "not a bad account" but the shortfall remains unfilled.

P.N. Singh, the representative director of the workers on the company's board, is very sceptical about its prospects. "I am very dissatisfied with the performance," says he, "serious problems still remain." One problem is the heavy outstandings with the state electricity boards (SEBs). JMEL being a dominant player in the electrical meters market — it has a 25 per cent market share and is a regular supplier to SEBs — these account for almost half its turnover. Yet, it has been unable to collect its dues from the SEBs. Outstandings with the SEBs stood at a high Rs.10.50 crore in 1989-90. Thus, by ringing up sales for which it did not get paid, the company has increased its need for working capital. As a result, finance and interest charges soared. If it is serious about making a recovery, this increase in expenditure should stop.

Search for a foreign collaborator

To make matters worse, the market for electrical meters has not grown at all in the past 3-4 years. JMEL will thus be forced to diversify, if it expects to meet its projected increase in turnover. The management seems to be aware of this, judging by its plans to diversify into switchgears, fuses, air circuit breakers, oil circuit breakers and aluminium, cobalt and nickel permanent magnets. It also plans to export electrical meters to South East Asia — it has recently expanded capacity to this end — but no export orders have yet been received. Plans are also afoot to make electronic electrical meters and the company is now looking for a suitable foreign collaborator.

Unfortunately, the diversifications planned are into relatively low-margin products which will not really boost the bottomline. Also, the company will then have to compete directly with electricals giants like Crompton Greaves which has already established a commanding presence in these segments.

Besides this, JMEL had planned to shift the focus from electrical meters to copper rods for which demand and supply are so mismatched that the company currently earns a premium on their sale. But its new continuous casting plant — for melting, casting and rolling rods under one roof — which was scheduled to start commercial production in October 1988 began doing so only in April 1989. And soon after the imported Finnish plant went on stream, it developed snags. Also, a major breakdown in the induction melting furnace caused a shutdown. Says K.V. Srinivasan, general manager works, "All the problems have now been sorted out."

It had better be so, if the unique experiment in worker ownership that began in 1984 is to work. Otherwise, the landmark step JMEL took that year will turn out to be just another fiasco.

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SATYA GROUP

Chequered success

Unfazed by a few reversals, the Calcutta-based multiproduct business house continues its climb into big league industry with a package of hi-tech diversifications and expansion plans

The rise of traditionally managed business houses in Calcutta, several of which have gone on to become prominent industrial groups in the country, has always been considered something of a phenomenon. The Khaitans of the Satya group of companies based in Calcutta, and one of the fastest-rising business groups today, are no exception.

From a small-time manufacturer of jute bobbins four decades ago, Satya Narain Khaitan, chairman of the Rs.100-crore group, which has interests in areas as diverse as wire drawing, metallurgy, machinery components, steel-making, pharmaceuticals and the consultancy business, has indeed come a long way. Further, the group's ambitious modernisation, expansion and diversification plans totally worth around Rs.350 crore and aiming for a turnover between Rs.400 to Rs.500 crore by the mid-nineties, is expected to shortly catapult it into big league industry. "The coming few years will be crucial," says S. N. Khaitan, "as they will be the take-off period for the group."

The eighties saw a great deal of reorganisation within the group and also the emergence of S.N. Khaitan's five sons who began playing a more active role within the companies. While eldest son Anil is vice-chairman, Sunil Khaitan, along with Sushil Khaitan, looks after the group's flagship Shalimar Wire Industries Ltd (SWIL). Sudhir Khaitan looks after Anil Steel and Umesh Khaitan is managing director, Shalimar Industries Ltd, which is a closely held company and is not quoted on the stock exchange.

Competing with the British

The 2,500-strong group started out humbly enough in 1947, when S.N. Khaitan started manufacturing accessories meant for jute mills. Shalimar Works, as the unit was known then was set up at Howrah, near Calcutta. In 1954, the company's name was changed to Shalimar Wood Products Ltd, and in the sixties to Shalimar Industries (P) Ltd. The company gradually expanded its activities over the years and also diversified into wire drawing through a number of technology tie-ups with foreign collaborators.

It was in the sixties that the wire drawing reached a significant proportion and (in 1962) Shalimar Wire Industries Ltd was formed (the company came to be known as SWIL in 1984). The company's share capital is Rs.2.66 crore and is widely held: about 40 per cent is with the Khaitans, 26 per cent with the financial institutions and the rest with the public.

The group has four major divisions, of which SWIL, with a turnover of Rs.47 crore last year, is the flagship company and accounts for nearly 50 per cent of the group's activities. SWIL, with factories in Uttarpara in West Bengal and Nasik in Maharashtra, specialises in the manufacture of non-ferrous Fourdrinier wire cloth, synthetic wires and Dandy rolls for the paper industry, as well as copper alloy wires and strips for various sophisticated end uses required by the atomic energy plants and the telecommunication and electronics industries in the country.

These products accounted for the quantum jump in the company's turnover and profits over the last five years. From a turnover of Rs.14 crore in 1986, SWIL last year (1990-91) made Rs.47 crore in sales, and posted pretax profits of Rs.6.25 crore, against Rs.4 crore the previous year.

A big factor behind SWIL's recent performance has been the change for the better in the paper industry. Of SWIL's turnover, Rs.20 crore come from products meant for paper mills (this segment accounts for nearly 45 per cent of SWIL's activities). With the paper industry looking up after a long recession, some of the benefits have rubbed off on SWIL.

In the future, though, Anil Khaitan would like to reduce SWIL's dependency on paper mills by about 15 per cent, and concentrate instead on hi-technology metallurgy projects so the company can achieve its projected turnover of Rs.400-500 crore by 1995. Priority will be given to the company's new, Rs.250-crore copper project to be commissioned near Bombay in the next couple of years. SWIL has already received the letter of intent for the manufacture of copper cathodes in technical collaboration with the international company, Austria Metal, with whom an MoU has been signed. At present Hindustan Copper is the largest manufacturer in the business.



Anil Khaitan: stress on growth

A substantial portion of the copper project will go towards captive consumption in providing basic raw material to SWIL's wire drawing unit at Nasik. A Rs.16-crore project for castings, also at Nasik, and modernisation of the looms for synthetic wire cloth at the factory at Uttarpara are also on the cards.

Though the exact details regarding the financing of the copper project has not

Photos: Sajal Bose



S.N. Khaitan: getting ready for take-off

been worked out yet, Anil Khaitan says the money will be raised through a blend of internal accruals and market borrowings. For its immediate needs however — for the modernisation project and the castings unit — SWIL intends coming out with a debenture issue of Rs.20 crore towards the end of this year. An additional Rs.8 crore will be raised through private placements and deferred payments.

make Rs.25 crore, at least, from exports. Also, SWIL's decision to set up a Rs.25-crore wire drawing plant in Indonesia is aimed at getting a grip on the foreign market.

"The emphasis in the future," says S.N. Khaitan, "will be on value addition and the new projects have all been designed with that end in view." Unlike in the seventies and the early eighties, the diversifications



Loom for wire cloth at the plant in Uttarpara: major expansion on the way

SWIL intends to go in for a significant expansion in capacity in order to increase its 65 per cent share in wires, wire cloths and strips in the domestic market. SWIL also has plans to make its presence felt soon in the international market, mainly in south east Asia, and partly in the US where it is currently exporting strips.

Advantage of monopoly

According to a competitor, SWIL's main strength is its near monopoly in wires. However, in wire cloths and strips, he disagreed that it had the lion's share of the market — BRALCO, India Smelting and SWIL are almost equally big, he claimed. As for quality, he said SWIL's product was not superior to the other companies' products, but as it had been in the market for years now, the SWIL product was reasonably good.

Last year, SWIL's exports touched Rs.1.10 crore; this year the company is aiming for Rs.4 crore. "Exports is going to be a major thrust area for us," says S.N. Khaitan. However, he qualifies this by saying that unless government incentives were forthcoming, it would be difficult to contend against price discriminations. By 1995, Khaitan hopes the company will

have been well-thought out. The earlier diversifications into the unrelated areas of steel and pharmaceuticals had produced mixed results. Anil Steels, a group company based in Jaipur which has a turnover of Rs.18 crore, has done moderately well. The group's diversification into pharmaceuticals, however, was a major disaster.

Sunil Synchem was set up in 1973 (in Alwar, Rajasthan), with a capital investment of Rs.1 crore to manufacture empty gelatine capsules. The company also decided to set up a Rs.2.5-crore drug unit to produce a hypertension drug, Methyl Dopa, as a 100 per cent import substitution. The drug unit was jinxed right from the start. The Khaitans say that they first had problems with the foreign collaborators and later the government took an inordinately long time to fix the price. By the time the price was finally determined, there was a hike in the import duty of the raw material for the drug and, together with low capacity utilisation, the company became sick by 1982.

A source in the industry, however, thinks Sunil Synchem became sick because of mismanagement and because the Khaitans had no experience in the field. He discounts the suggestion that the import duty hikes were a major cause of the sickness, because other companies in the field are doing roaring business.

The Khaitans have worked out a scheme for the company's revival with the IRBI, which was presented to the BIFR and includes an interest waiver. But the renewal plan has been rejected by the REICO and RFC (the Rajasthan Financial Corporation and Industrial Development Corporations) who have refused to agree to the waivers. In the meanwhile, the Khaitans have been successful in obtaining a stay order from the BIFR to prevent winding up operations.

Shalimar Industries Ltd (SIL) which is currently looked after by Umesh Khaitan, is the oldest plant in the group, having been set up in 1947. SIL, which has at present a turnover of Rs.13 crore, and profits of just under a crore, continues to manufacture jute mill accessories such as pins, shuttles and staves. Apart from this unit, the division also has a similar unit which produces accessories for textile mills.

SIL has recently gone into thermal plastics, manufacturing UHMWP (ultra high molecular weight polymenthene) sheets, which are widely used in material handling plants and also in paper mills. With this foray, and the substantial expansion in its existing wire drawing division (which manufactures all kinds of ferrous wires) the division hopes to grow by Rs.6 crore this year.

Spelling out the group's corporate policy, Anil Khaitan says, "Throughout, our philosophy has been towards organic growth. We would prefer to grow as we earn — no overtrading." One area which the group intends concentrating on is financial management. "We have taken a conscious policy not to divert working capital for long term investment, as we don't want to get short on funds," he says.

Though Anil Khaitan emphasises that the group's policy leans towards decentralisation, and the management comprises a healthy blend of family and professionals, policy matters and decision-making are invariably left to the Khaitan father and sons. Anil Khaitan, who enjoys the bulk of the responsibility currently, is brimming with fresh ideas. "We don't believe in the *lalaji* type of management here. We believe in keeping up with the times. Our survival has been based on this concept." The next five years should, hopefully for the group, bear witness to this assertion.

■ MADHUMITA BOSE

MYSORE LAMPS

Shining bright

Aggressive strides in production and modernisation undertaken by the chief executive have brought the company out of the woods

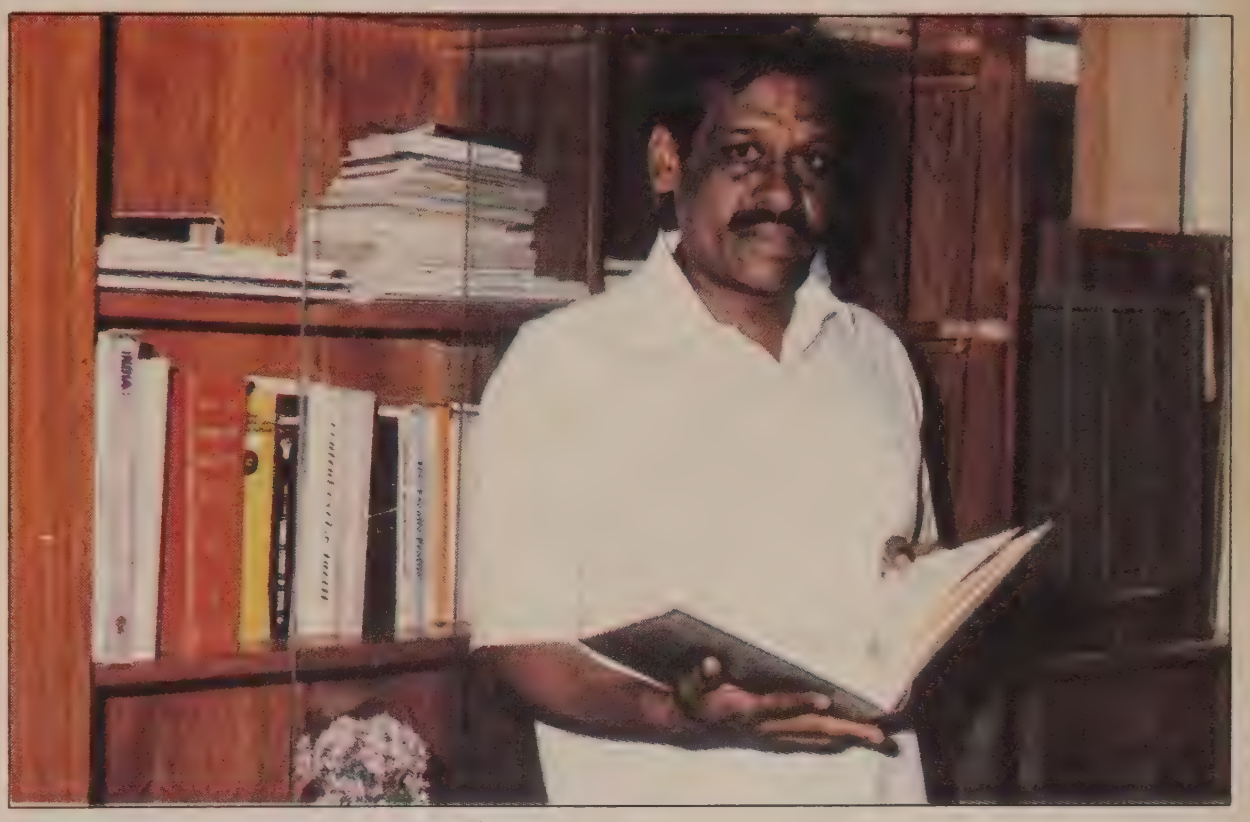
The going has never been as bright for Mysore Lamps Works Ltd (MLWL), the Bangalore-based manufacturer of electrical lamps and lamp components, as under the chairmanship of the tough and businesslike IAS officer, Chikkappaiah Muniswamy. The company which was doing fairly well till 1985-86, found huge stocks piled up in 1986-87. An inventory in June 1987 valued the stocks at an astounding figure of Rs.7 crore! Panic-stricken, the MLWL management decided to lay off half the workers and operate on a single production shift. It was at this crucial juncture, in July 1987, that the sagging fortunes of the 55-year-old state government undertaking was placed in Muniswamy's hands.

Production boost

Muniswamy worked steadily, launching strategic schemes not only to clear unsold stocks but boost production as well. The slogan he coined, "Make *me* (obviously MLWL's product) available, I will sell myself" worked as a psychological booster. As a result, unsold stocks of Rs.7 crore was disposed off in five months (August-December 1987). Production went up with the introduction of another shift. Results began to show.

The company earned a net profit (profit after tax) of Rs.18.60 lakh in 1987-88 against a loss of Rs.35 lakh in 1986-87. The company is estimated to achieve a profit after tax of Rs.1.7 crore during 1990-91. Turnover which was a mere Rs.20.58 crore in 1986-87, reached Rs.25 crore for the year ended 1988 in addition to a cash profit of Rs.1.19 crore. This reached Rs.52 crore in 1990-91 — a rise of 150 per cent and an achievement of sorts for a public-sector undertaking. Turnover is expected to reach Rs.70 crore during 1991-92.

All this was Muniswamy's magic at work. He made his colleagues in the marketing department realise that "the market is not saturated and there is no reason to panic. There is actually no brand preference as far as lamps are concerned." Earlier, MLWL's products were marketed in south India only. After Muniswamy joined, the marketing department was instructed to intensify marketing in the south while making these products available in other parts of the country as well.



Muniswamy: strategic overhauling

Production figures 1990

Name	GLS *in million*	FTL *in million*	HPMV *in '000*	HPSV *in '000*
Philips	82.40	11.50	318.80	141.70
Sylvania	34.30	5.00	41.50	-
HMT	22.20	1.80	260.40	18.90
Bajaj	30.50	5.00	—	—
Surya	19.70	10.40	—	24.00
Mysore Lamps	21.60	4.60	229.00	240.00

Says K.L. Subash, general manager, marketing, "Before Muniswamy took over, we were marketing in eight states. After he joined, we opened offices at Calcutta, Indore, Jabalpur, Jaipur and Bhubaneshwar and depots at Madurai, Vijayawada, Meerut, Hubli and Nagpur. Besides, we also opened new marketing offices at Bangalore and Ahmedabad." According to H.R. Linganna, technical director, HMT, who was earlier executive director of HMT's lamps division in Hyderabad and one of Mysore Lamps' main competitors, "At Mysore Lamps, Muniswamy has provided freedom to the marketing staff. He encouraged the marketing department in such a way that their products could be made available in the market."

What was lacking at Mysore Lamps was leadership. This came in with Muniswamy who instilled adequate confidence in the employees and boosted their morale. Says Shekar Bajaj, managing director, Bajaj Electricals, "Muniswamy has been very dynamic during the last few years. The company has progressed well under his leadership." Adds K.C. Varadaraj, partner, Kumar Enterprises, the leading distributor of Mysore Lamps' products in Bangalore, "The quality of Mysore Lamps products improved after Muniswamy took over. We have a good relationship with the company now."

Increased efficiency

At the time Muniswamy took over, the value of production was Rs.17 crore which during 1990-91 went up to Rs.31 crore. Simultaneously, capacity utilisation shot up from 60 per cent during 1988-89 to 83 per cent in 1990-91. Says S. Seetharam, general manager, finance and secretary, Mysore Lamps, "While value of production during the same period went up by 20 per cent, there has been a marked increase in efficiency. Despite inflation our cost of production has actually gone down by 2 per cent."

MLWL has the fourth largest share of the lamps market after Philips, Crompton Greaves and Bajaj Electricals. It holds the largest share, 30 per cent, in

the mercury vapour and sodium vapour lamps segment. The company has a capacity for manufacturing 30 million glass shell components a year to which a capacity for making 18 million more will be added this month. Says J.G. Mahale, general manager, manufacturing, "The additional glass shell components will be supplied to small-scale manufacturers who will be working for us. We too will increase our production marginally while the larger production will be met by the ancillary units."

Adding turnover

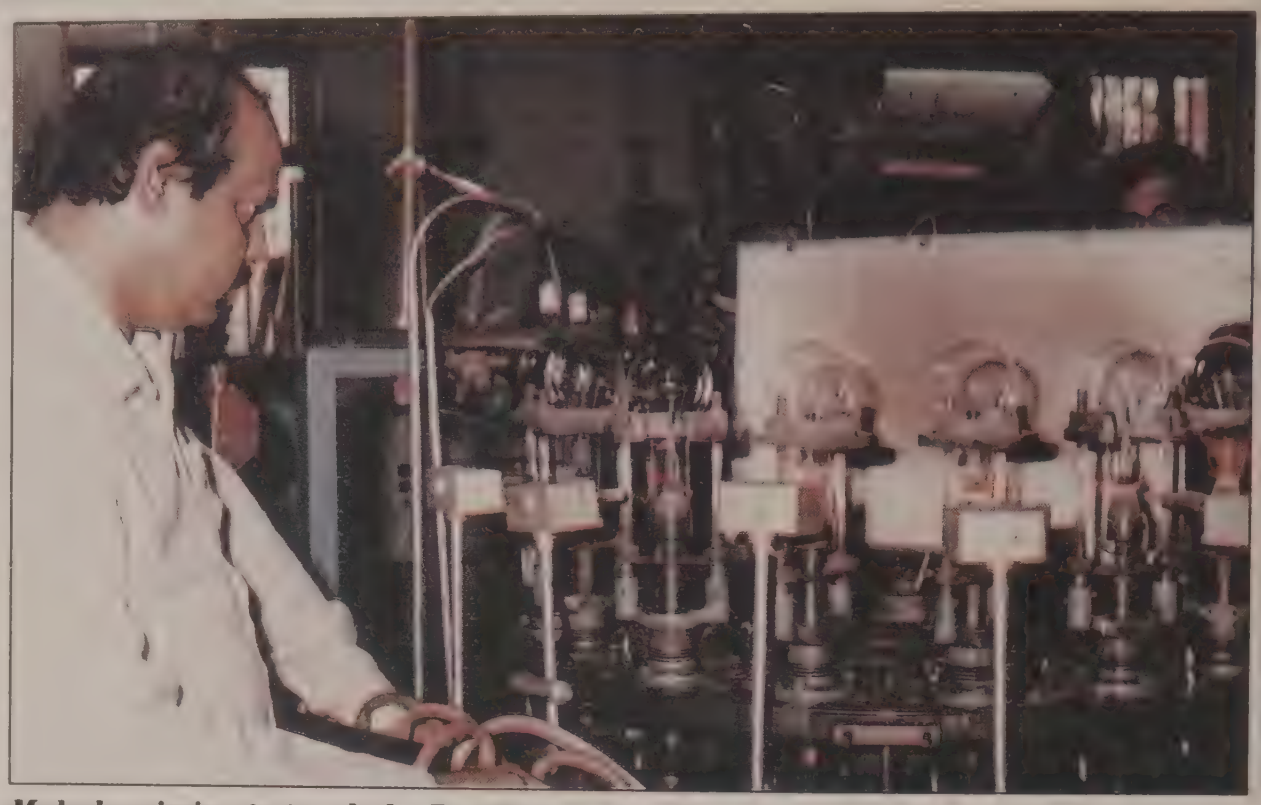
The company has already sponsored an ancillary complex at Kolar in Karnataka. Sixteen units will be set up there to manufacture GLS (conventional man-selling lamps) lamps, fluorescent lamps, and glass shell components for luminaires (luminaires are light boxes with two or more fluorescent lamps or tubes which are used for lighting up commercial premises) which will go on stream by next year. When the sixteen units at the ancillary complex begin production, this will help the company add a turnover of Rs.25 crore per year. Adds Mahale, "That's how our turnover for 1993-94 will touch the Rs.100-crore mark." Says Shekar Bajaj, "Mysore Lamps is aiming at a bigger market share by buying products from the SSI sector and others."

Gradually, MLWL's investments in its production infrastructure will reduce and the company will be buying more items from smaller units in Karnataka, Kerala, Tamil Nadu and West Bengal. Says Mahale, "We don't wish to invest more on GLS lamps, a low-tech area. The ancillaries will be able to supply our requirement. Instead, there will be new capacity at MLWL, by end-1992, for the manufacture of certain new hi-tech products like halogen lamps, metal halides lamps, etc. These are also energy-saving lamps." Also, most of the machines at MLWL's factory are more than 30 years old. These will be phased out and disposed off to the ancillaries making way for more modernised techniques.

In fact, Mysore Lamps has of late been involving itself in trading of bought-out items, rather than production. For example, during 1986-87, the share of traded items in its total turnover was 11 per cent and this went up to 32 per cent in 1990-91. Says Subash, "Using the same marketing force, our share of traded items has gone up."

MLWL has also been exporting sodium and mercury vapour lamps — during 1989-90, products worth Rs.40 lakh were exported. The company expects to sell lamps valued at at least Rs.50 lakh to Zambia this year. Also, MLWL is perhaps one of the few Indian electrical companies which has a joint venture with Premier Electrical Industries in Nepal. MLWL assists them in production and marketing of bulbs. The company also has offers from Ethiopia and Zambia to help set up factories there to manufacture GLS lamps, fluorescent lamps and lead-in wires.

MLWL is the first state undertaking in Karnataka where the state government has decided to reduce its stake from 72.26 to 51 per cent through a proposed 1:1 rights issue. An application for this is yet to be made to the CCI but this will help the company double its equity capital from Rs.67.37 lakh. Says Seetharam, "The rights issue will enable us to raise Rs.2.12 crore, if the Controller of Capital Issues allows us a premium of Rs.20 per share. Of this, Rs.1.5 crore will be added to the working capital, while the rest will be used for modernisation programmes."



Mahale: aiming to touch the Rs.100-crore mark

The luminaires market has been growing at the rate of 15 to 18 per cent every year. Realising this potential, MLWL also takes up lighting systems for related turnkey contracts. While these jobs are confined to industrial customers, they provide the company an opportunity to sell electrical fittings. Set up in 1989, MLWL's lighting systems division achieved a turnover of Rs.60 lakh during 1989-90, followed by Rs.2 crore in 1990-91. Says Subash, "We are trying to explore this avenue of business (lighting systems) more aggressively."

New areas

The company also plans to enter other areas of marketing such as high-mast lighting — this will provide an opportunity to sell not only its services (lighting solutions) but also its lamps and fittings. Adds Subash, "In 1991-92, we should be able to sell four such systems (each costing Rs.7 lakh) and 15 to 20 in 1992-93."

The rights issue will help MLWL augment funds at a time when nationalised banks have slashed their credit limit from Rs.6 to Rs.4 crore.

Although MLWL's discounts to its dealers is not as high as what other companies offer, Muniswamy is not worried about the company's performance in the share market as long as the quality and price is maintained. Notwithstanding the discount rate, the dealers are happy. Enthuses B. Lalchand, proprietor, V.V. Electricals, Bangalore (who deals not only in Mysore Lamps but also in Philips), "The products of Mysore Lamps are as good as the others, if not better. The company treats us well and we do not have any problems in getting defective lamps replaced. Deliveries are made on the same day.

Mysore Lamps has certainly left its dark days behind. Its aggressive strides are only likely to make its rivals sit up and think.

■ DEVAPRASAD PUROKAYASTHA

COTTON

Ad hoc policies and political lobbies

Instead of the government being a balancing agent on the cotton economy, it has, with the Cotton Advisory Board, made arbitrary decisions based on political motivations

The forex crisis has led the Indian government to promote a variety of exports, never mind if there aren't exportable surpluses or if domestic prices are shooting up. If the exports are agricultural produce so much the better. Cotton is a good example of such a commodity. Without a comprehensive policy, ad hoc decisions from year to year depend on the vagaries of the political climate.

Domestic consumption this cotton year (October 1990 to September 1991) is expected to be 12 million bales while domestic production is estimated at 11.5 million bales. But the government wants to export 13 million bales of cotton. The decision has raised questions about the government's role as a regulator of the cotton economy.

Some amount of regulation has been seen in the past as necessary to balance the interests of the farmers, the traders and the textile industry. A regulatory body like the Cotton Advisory Board (CAB) seemed a necessity. Yet the changing motivations behind the decisions taken by the body, and the zig-zags in policy which have resulted have played havoc with the entire cotton economy.

Exports stabilise the market

Says K.N. Ardhanareeswaran, union textiles secretary: "The government has decided to export at least 500,000 bales every year even in bad years. Otherwise we cannot break into the international market." Adds a senior official of the ministry of agriculture: "Exports stabilise the domestic market and ensure remunerative prices for farmers. Without exports domestic prices tend to tumble."

Analysts, however, question the decisions. Domestic cotton prices have rarely fallen below the prescribed minimum support price in the past ten years. The textile industry strongly opposes raw cotton export at the cost of the domestic market. Says Ajay Shriram, vice-president of the Northern India Cotton Textiles Mills Association (NICTMA): "The forex earned per 100,000 bales of cotton exported is just Rs.50 crore. Converted into yarn the earning is Rs.90 crore. For fabric exported, the forex earned is Rs.125 crore; for made-ups, Rs.160 crore and garments, Rs.240 crore. So from the point of view of forex it makes no sense to export raw cotton."



Cotton crop: even basic estimate is debatable

As an official of the Cotton Corporation of India (CCI) points out: "The whole export business has been Devi Lal's one point programme to benefit farmers." In fact, the major beneficiaries are a handful of traders who control over 70 per cent of the cotton trade, many of whom have political links.

The basic estimate of the crop size is itself a subject of debate. Crop estimates are decided by what seems like wild guesswork: though the cotton year starts in September, realistic estimates are not possible before December when a major part of the crop arrives. Yet in early November, the CAB meets to make an estimate of the crop size.

On the board, chaired by the textile commissioner, are representatives of trade, industry and growers who have mutually conflicting interests. The estimate of the board is then often a 'consensus' figure, perhaps unrealistic, but acceptable. Or else the estimates reflect the views of the strongest lobby that year in the CAB.

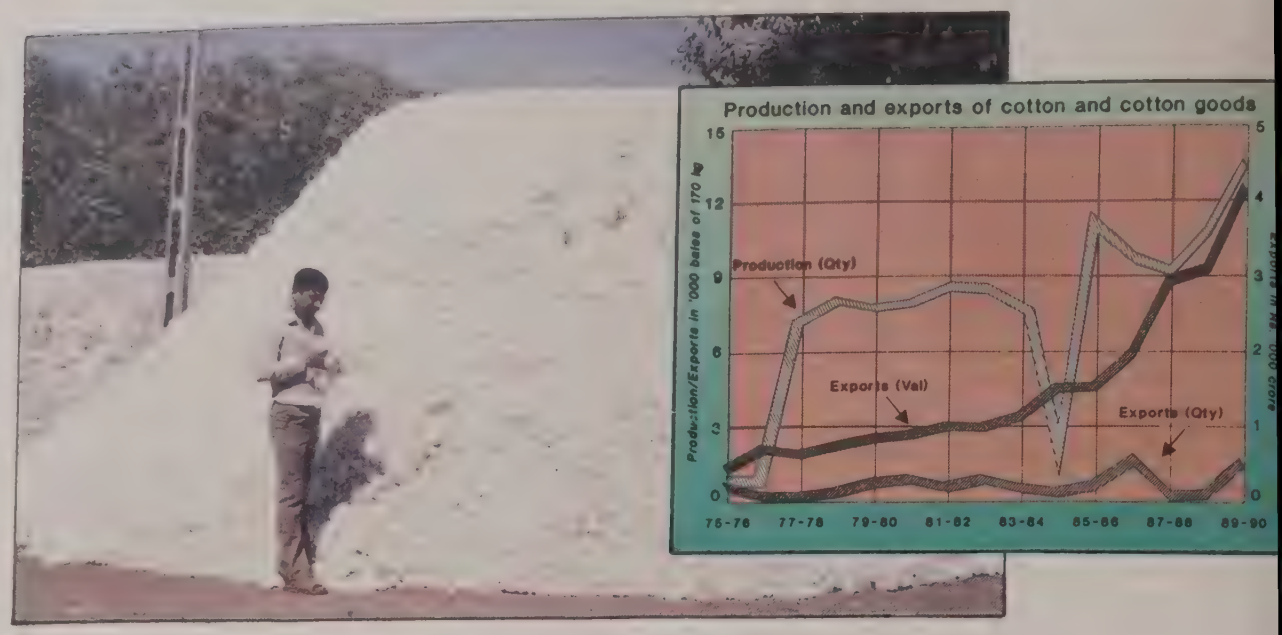
Awry estimates

This year the CAB's estimates were wide off the mark. In November, December and March, the board revised its crop estimates from 12.9 million to 12.2 million and finally to 11.5 million bales. Maharashtra crop estimates were downscaled from 2.4 million to 1.5 million bales.

According to Ardhanareeswaran, crop estimates were lowered due to prolonged rains and scattered pest attacks. Why then was a decision to export taken in November? In this case, the crucial difference in the crop estimates almost exactly equals the amount that was earmarked for exports.

The immediate effect of the export announcement in November, followed by two more, was to send prices soaring in the cotton market. Points out a Cotton Corporation of India (CCI) official: "It was a bad idea to announce the entire quota at the beginning of the year. The second announcement should have come only in December-January when the crop starts coming in."

Worse still, this year a major part of the export quota was grabbed by private traders, (allocations to them this year was doubled) while the shares of the CCI and other state agencies were reduced.



Exports this year will be less than 1 million bales

The final lot of export announcements came in March-April by which time the entire crop had come into the market.

The dispute over how the export cake is to be sliced highlights the shortcomings in the policy. Traders can hardly be faulted for making the most of business opportunities. When the cotton market fluctuates in response to every policy announcement, it creates an atmosphere of uncertainty and destabilises the market.

Prices in the domestic market this year are 40-60 per cent higher than last year. This has made the domestic market more attractive to traders than the market abroad: international market prices have been low recently. Presently, the difference between the export price and the domestic price is barely Rs.500, which does not make it worthwhile to export.

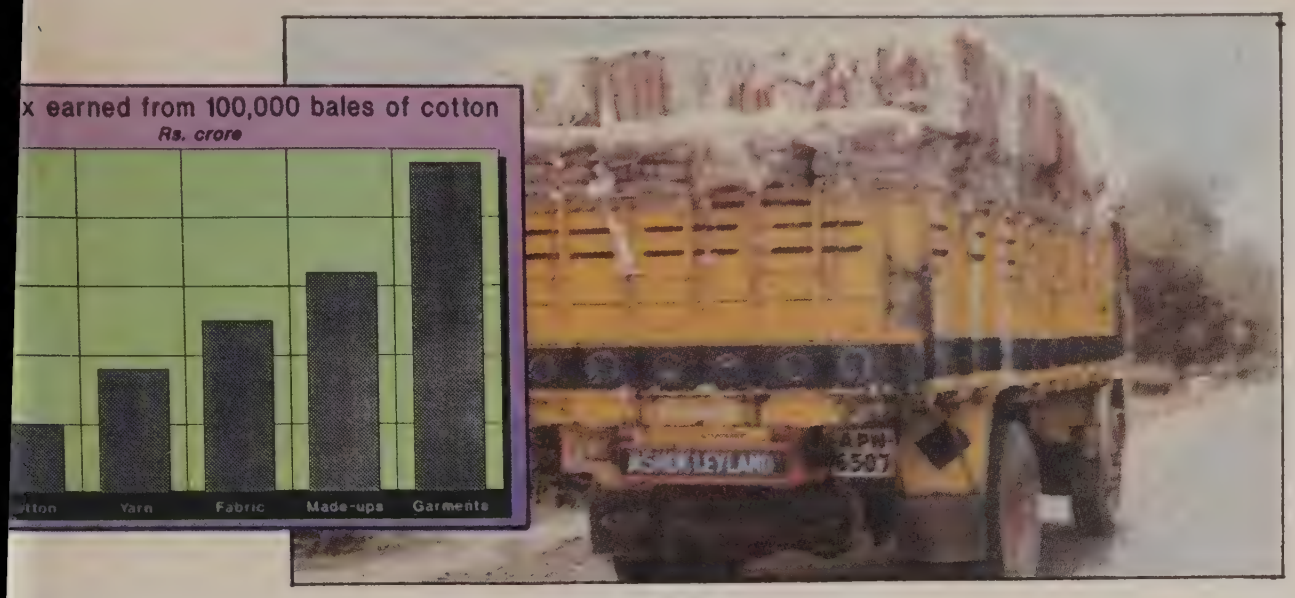
Hoarding quotas

Following this thinking, traders with export quotas started hoarding without shipping stocks out. According to NICTMA's estimates, exports at the end of the year will be less than 1 million bales. The Indian Cotton Mills Federation (ICMF) states that less than 700,000 bales were exported by the end of April.

This year's events are a replay of the drama last year. The discrepancy between international and domestic trends is purely a result of the fact that policy decisions are not based on agricultural or economic forces. If India is to make its presence felt in the international market as an exporter of either cotton or textiles, international trends have to be taken into account. Now, instead of cotton prices in India moving down in conjunction with international prices, they continue to rule high.

According to Ajay Shriram, the phenomenal increases in cotton prices has caused a major dislocation in the industry domestically. Says Shekhar Aggarwal, vice-president of the Indian Spinners' Association: "Although the big companies have enough carrying capacity to pick up their entire year's requirement at the beginning of the year, the smaller mills are





Raw material supplies must be assured for textile exports

suffering, including those in the handloom sector." He adds: "India has 26 million spindles, the highest in the world, but capacity utilisation is barely 75 per cent even though domestic cotton production is growing."

As textile and garment exports are emerging as a focus area for exports, the industry cannot continue to function in a state of uncertainty from year to year. Without assured supplies of raw materials, competing in the international market is difficult. Pakistan and Turkey — other cotton exporting countries — assure domestic manufacturers cotton at prices 30 per cent lower than international prices. And Pakistan's share of the international textile market is 10 per cent compared to India's 4 per cent.

Powerful lobby

Devi Lal may be out of power, but the farm and traders' lobby will continue to be very powerful in Indian politics. Analysts see a solution only by rapid increases in cotton production. "This would mean enough surplus to take care of the demand in the domestic market and leave enough for exports too," says an industry observer.

But a bigger pie does not mean easier sharing. Given the government's poor record as a balancing agent, the system of allocations and the setting of export quotas points to serious policy lacunae. An alternative proposal which has the the backing of the industry is the establishment of an autonomous body to monitor everything from production to the textile stage, with one-time financial backing from the government.

The Abid Hussain Committee Report had recommended the setting up of a cotton development authority, and the ICMF submitted a proposal to the government for greater authority to an apex body. But if such a body's focus continues to be on market intervention rather than on development and monitoring, the state of the cotton scenario may not see much improvement. With fewer direct controls, the cotton economy will be less subject to unrealistic distortions.

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MOTOROLA

Communication gap

Even though the investment climate in the country is depressed, many large American electronics corporations are planning moves into India. In most cases, their agenda stretches over the next decade, during which understanding the marketplace and consolidating their positions will precede any manufacturing activity. While companies like Hewlett Packard are already here, others like IBM and international communications heavyweight Motorola are all set to arrive. Kuldip Saran, country manager for Motorola and its director (international operations, India), indicates that the US giant may be here before year-end.

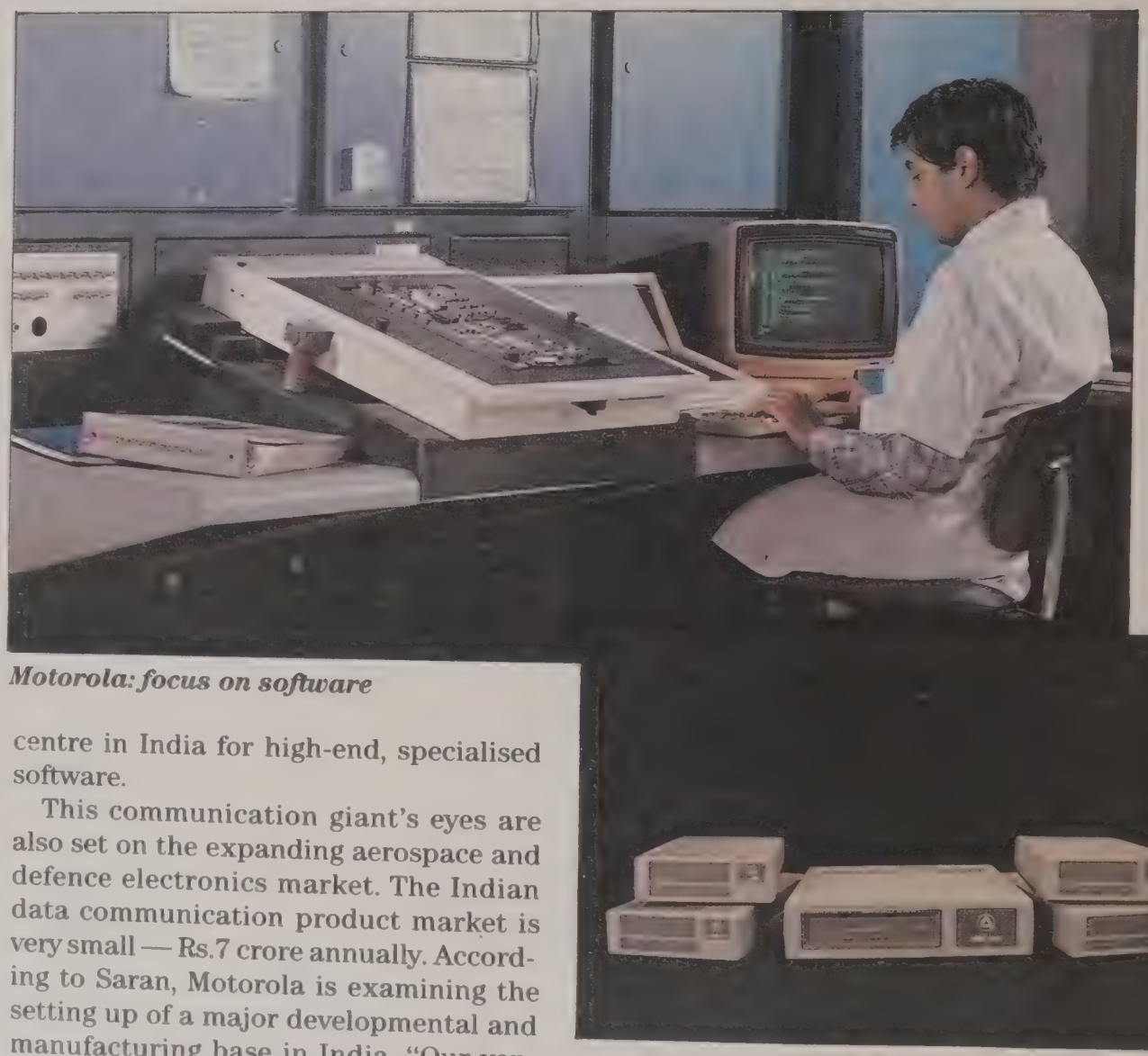
This $11 billion, 60-year-old company needs little introduction. It has virtually taken over the global radio communication and semiconductor market. Its presence in major businesses — communication and semiconductor products, general systems, information systems, automotive and industrial electronics and defence electronics — makes it a name to be reckoned with. With over $1 billion invested in research and development, Motorola has been one American company that has successfully resisted the Japanese onslaught in the field of electronics.

Strategic market

Motorola came to India in 1987, after its senior planners at its Illinois headquarters chose India as a strategic market. A joint venture — the first in the company's history — with Blue Star two years ago was the beginning. Motorola-Blue Star has begun producing data communication equipment at its Bangalore facility. The choice of Blue Star, according to Saran, was made primarily because the Indian company had represented Motorola here for many years.

Its planned operations in the country will focus on software. Most communication products today are heavily software-dependent. Recognising India's potential in the area of software development, Motorola will shortly begin operations at its software centre at Bangalore. There will, however, be a difference. This 100 per cent EoU (recently cleared by the Department of Electronics) will be unique among Motorola's software development centres worldwide — the Bangalore facility will develop software for a multiple product range. Traditionally, Motorola has dedicated its software centres to a single product.

The initial investment in the centre will be between $4-5 million and Saran expects to employ almost 1,000 people in next three years — a massive recruitment drive by any standards. To begin with, work will be done on the design of radio base stations at an extremely high level of development compared to that in the country presently. However, Motorola is also considering opening a training centre in India for high-end, specialised software.



Motorola: focus on software

This communication giant's eyes are also set on the expanding aerospace and defence electronics market. The Indian data communication product market is very small — Rs.7 crore annually. According to Saran, Motorola is examining the setting up of a major developmental and manufacturing base in India. "Our venture is on, though I can't say when it will go through with the government," he says. Saran won't discuss the extent of investment in this project, but it is clear that the proposal has almost been cleared, though final sanction is awaited from the new government.

Largest investment?

Meanwhile, Motorola has been discussing a joint venture with several Indian companies. Such a venture would bring in the largest ever investment to India's electronics sector. Till date the largest is Hewlett Packard's $23 million. Does it mean Motorola is ready to spend even more to "develop the Indian market"? Few will hazard an answer.

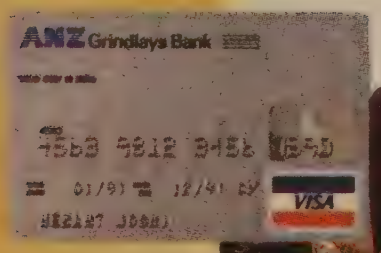
Unfortunately, Motorola has become embroiled in a controversy which, given India's sensitivity towards multinationals, just might be a spanner in its works. Questions have been raised about the company's alleged links with the CIA. Some of its senior officials have reportedly been conveying information to the CIA. Analysts have also raised the bogey of having a multinational play a leading role in the field of defence electronics, which Motorola aspires to enter in India.

Saran refused to comment on the report in a leading financial daily on the alleged CIA link. He says there is no-one of the name mentioned in the report in the company. While Motorola considers India a "strategic country" — and it is aiming at becoming the country's largest electronics company — its intentions are under close scrutiny. Amid the drama and speculation, what Motorola will actually get remains a question. ■

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A320s

Hub and spoke solution

The recent controversy regarding the A320 notwithstanding, the short haul range and medium capacity of this aircraft gives it several operational advantages. If these are to be effectively used, changes in the traditional set-up of Indian Airlines routes are called for. The fact that the total fleet strength will eventually reach some 30 aircraft, compared to today's mere dozen or so, only makes the need for advance planning even more acute.

In a geographically vast country such as the United States, with a number of national airlines, one principle appears to work uniformly well for all the airlines, namely, the use of one hub (or more, for the larger airlines) with routes that radiate from it like spokes of a wheel. This hub and spoke formation of routes has many advantages.

Several advantages

First, it permits an airline to provide service between many more city-pairs, through connections, than would be possible if it attempted only direct connections between city-pairs. Next, it allows the airline to make better use of its aircraft because they end up carrying fuller loads as a result. Then again, aircraft can be maintained better, because the hub is the central place where they all end up, both at night and several times during the day between flights.

Finally, the hub and spoke formation allows better customer service, because the frequent arrivals of a large number of aircraft at the hub can serve as backups or be used for supplementary flights on crowded routes.

As a result, the complexes at Chicago, Atlanta and Dallas-Fort Worth have developed into enormous airports, exceeding for some time even their own home requirements in the case of the latter two. In a different way, European airports such as CDG in Paris and Schiphol in Amsterdam serve similar roles as hubs of European route networks.

Given its similarly vast geographical spread, India too can benefit from the hub and spoke approach. A few decades ago, before the advent of jets, Nagpur, in the centre of the country, served as the exchange point — or hub — for the Night Air Mail, albeit as just a once-in-the-day affair. When jets arrived, more and more direct routes for passenger flights were introduced. However, with the ever-increasing growth in air traffic now and the need for passengers to go from each city to practically every other city, including from each state capital to New Delhi for political reasons, direct routes could spell growing inefficiency for the airline.

Reviving Nagpur as a hub for A320 routes would make good sense. It will permit Indian Airlines to offer more city-pair combinations, make effective use of the short hop A320s, ensure full loads for these planes, simplify maintenance by development of a single modern and efficient engineering facility, and so on. The larger A300s could continue to fly the Golden Triangle (or Diamond) of the major metropolitan cities and also handle nearby international destinations such as Colombo, Karachi and Singapore.

Reviving Nagpur as a modern hub... will permit Indian Airlines to offer more city-pair combinations, make effective use of the short hop A320s, ensure full loads for these planes and simplify maintenance

The effectiveness of the hub and spoke route structure, however, also presupposes that the hub has been designed to be efficient in moving people and baggage from flight to flight with minimal delay. This is more than merely exhorting the airline staff to become more efficient. It requires an airport design that permits such speedy transfers. Some of the elements which would help in the process would be as follows:

- circular terminals with radiating fingers going to the planes, permitting passengers getting off one plane to get quickly to their connecting flight
- people-mover escalators to move along swiftly elderly, young and other needy passengers from gate to gate
- efficient sorting and tagging of baggage to route it off one plane onto several others correctly and in time
- security checking facilities at each gate to ensure good security while still permitting transiting passengers with no checked-in baggage to quickly catch connecting flights
- jet-ways to aircraft at all gates, for quick loading and unloading of passengers
- diagonal passageways to shorten walking distance between distant gates
- computer systems for rapid and timely gate allotment and transmittal of gate information to transiting passengers as well as baggage-handlers and even cabin-crew of aircraft in flight en route to the hub
- cabin service and refuelling service designed to be rapid-response types, for instance, through the use of underground tanks at the gates for refuelling.

In short, adoption of this approach will require building a whole new modern terminal complex at Nagpur with the facilities outlined above and appropriate systems and procedures for handling transiting traffic, which will be 90 per cent of the traffic passing through it. International designs should serve as prototypes. This is a modest expense compared to even the billion-dollar initial cost of the 30 aircraft themselves, let alone the even larger operating cost of these aircraft over their twenty-plus years of use.

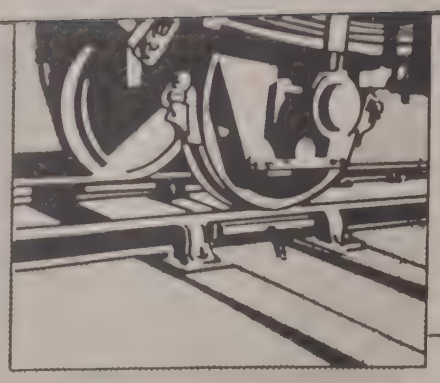
The construction of the modern terminal at Nagpur and adoption of the hub and spoke pattern of routes for the A320s needs to be undertaken right away, though. Each month's delay only adds to the opportunity cost of inefficiency in use of these aircraft. Moreover, the benefits are so large and will obtain for many, many years, making this arguably the wisest investment in the nineties by Indian Airlines and the National Airports Authority. Will they seize the opportunity?



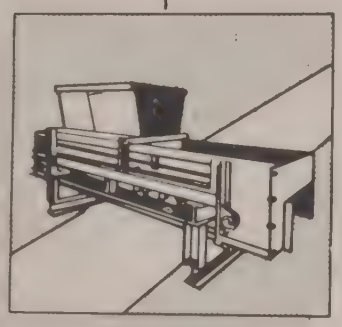
■ PRAKASH HEBALKAR

The author is president of ProfiTech, an international business consultancy firm based in Bombay

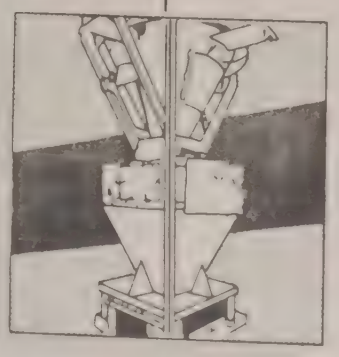
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CALCUTTA CHEMICALS' DISPUTE

The importance of being earnest

When the management of Shaw Wallace, the liquor giant, ordered the "suspension of operations" at its subsidiary, Calcutta Chemicals, on 21 May, it marked only another episode in the saga of the 72-year-old company. At the time of shutting down, the company had an accumulated loss of Rs.12 crore on a turnover of Rs.18 crore. And now, the workers have come up with a proposal that they be given a bash at running the company.

There are currently three players on the scene: the Shaw Wallace corporate staff, the embattled workers of the company who have not been paid since the closure and the Board of Industrial and Financial Reconstruction (BIFR). A very interested spectator watching from the sidelines is the Industrial Development Bank of India, the lead agency in the revival of the old company.

Mistrust plays a big part in the whole affair. The BIFR does not trust Shaw Wallace and expects the company to fund any revival package. It is also not keen on a workers' co-operative plan and would only hand over the company to the workers "as a last resort". This proposal has sent Shaw Wallace into a tizzy, because it prefers to make a bilateral settlement with the workers. But the workers do not trust Shaw Wallace at all.

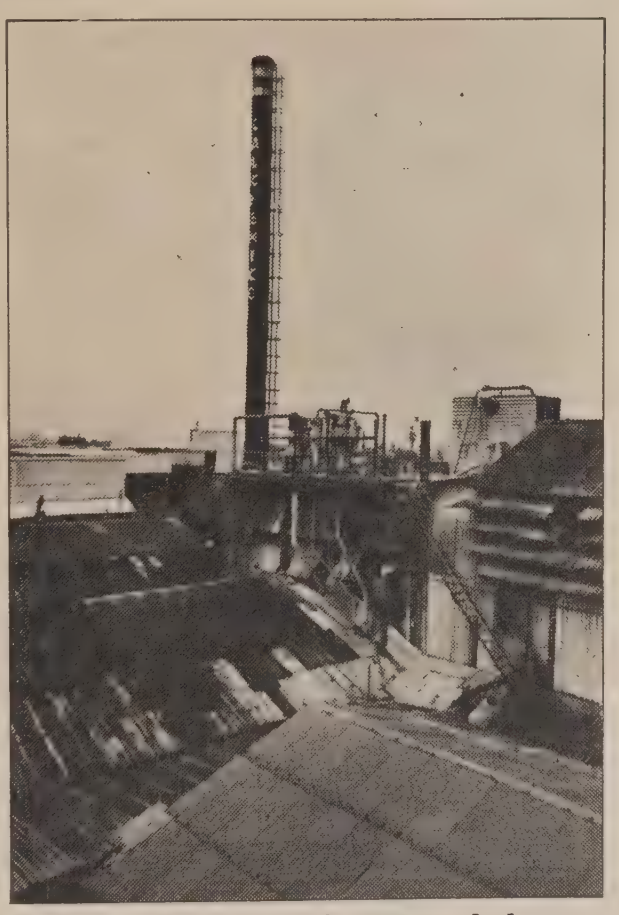
Niche in the market

Unlike most sick units, Calcutta Chemicals' cosmetic products — Margo soap, Neem toothpaste, the Lavender Dew and Moloy lines — did have a niche in the market. Yet, besides this recognition, the parties in the dispute agree on little else.

A Shaw Wallace spokesman maintains that total indiscipline prevailed in the Tiljala plant of Calcutta Chemicals (the plant was closed on this issue), and that it was grossly overmanned. The plant needed just 400 employees as against the 1,203 it employed. Per capita productivity of the employees was Rs.1.25 lakh per annum against the industry average of Rs.12-15 lakh. However, the demand of Margo soap was growing and had doubled in the last five years, forcing the company to take a plant in Kanpur on lease.

Because of the available marketing infrastructure, Calcutta Chemicals' products were marketed along with those of the Shaw Wallace consumer products division. The costs associated with this marketing had caused losses of Rs.1.62 crore in 1987-88, Rs.50 lakh in 1988-89 and Rs.68.31 lakh in 1989-90 to Calcutta Chemicals, claim Shaw Wallace sources.

But this point of view must be taken with a pinch of salt. The normally staid accounting and management consultancy firm, S.R. Batliboi, which was hired by IDBI to report on the operation of the firm, in its report presented before the BIFR, has accused the company management of "window dressing the account books" and "inappropriate accounting". The controversy centres around supposed cash credits, leasing of machines and raw material purchase worth about Rs.4.67 crore on the one hand and irregular writing off of sundry debtors on the other.



Calcutta Chemicals: in suspended animation

Under these conditions, the majority workers union, CITU-led Calcutta Chemicals Mazdoor Union, has put in a bid to take over the company for one rupee. It has made it very clear that the Shaw Wallace plan for retrenchment of 350 workers is quite unacceptable to them. Instead, it has proposed that it will run the company as a cooperative on the lines of Kamani Tubes in Bombay. The union believes that the company will turn around if it can handle its own marketing, as it did prior to the Shaw Wallace takeover.

According to the secretary of the union, Manik Samajdar, the company brands were selling without any major advertising. If anything, it is the exorbitant commission of 23 per cent charged by Shaw Wallace for marketing Calcutta Chemicals' products which has made the company sick. The company had 18 branch offices and the requisite marketing staff and about 2,000 redistribution stockists nationwide, says Samajdar, which Shaw Wallace used to push its own Chek detergent.

Products discontinued

Samajdar's argument is that there was no need for retrenchment since most of the 300 employees in the list would retire over the next five years. He also said that overmanning had become an issue because almost 95 per cent of the company's product lines had been discontinued.

But the Batliboi report is not entirely favourable to the workers either. And IDBI finds the workers' claims too "optimistic" and their revival package unrealistic. The workers have not helped their case by putting together the revival package themselves. Would marketing, for instance, be as easy as the workers make it out to be?

In addition, the employees seem to be divided among themselves. Samajdar maintains that the minority union — the Calcutta Chemicals Shramik Karamchari Union (CCSKU) — which is resisting the efforts of the CCMU has been set up by Shaw Wallace itself to thwart the majority union. CCSKU has objected to the cooperative plan saying that it was unviable. Samajdar claims to have handed over to the state government for verification a list with 886 signatures in favour of the plan. Against this, the other union had a list of 106 employees, including 24 contractor's employees and 42 officers opting to continue with Shaw Wallace.

The state government had initially refused to buy equity worth Rs.22 lakh in the cooperative venture saying that it was against the policy. But later, when asked by BIFR, it stated that it was willing to contribute an equal share of the revival package along with the IDBI, in case the choice falls on a workers' cooperative. Whether such a plan gets off the ground remains to be seen.

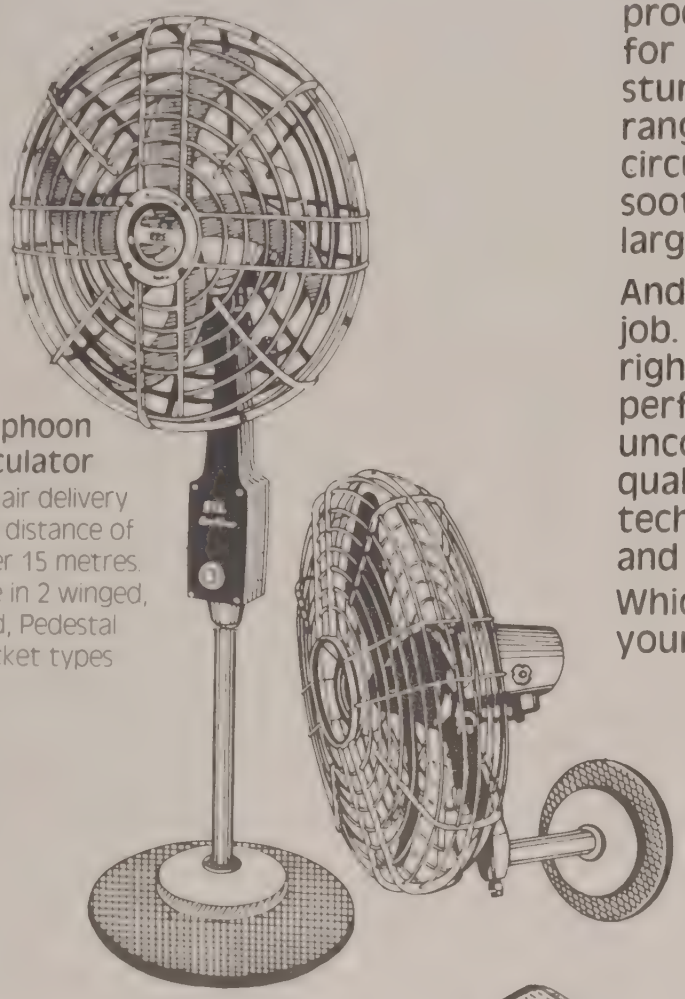
■ SUDIPT DUTTA

Ultimately, there is only one name in the air that stands for gold.

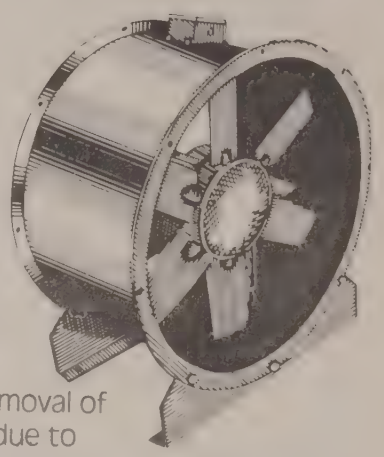
Here they are. The big-air producers exuding confidence, for the entire world to feel. In a stunning, sturdy spectrum. A range EPC holds its own, circulating air untiringly to soothe body and mind. Ensuring larger air coverage.

And, building it is not an easy job. It has to look right. Feel right. Above all, it has to perform. With precision. With uncompromising emphasis on quality. Not to mention, the technology ... truly advanced and reliable.

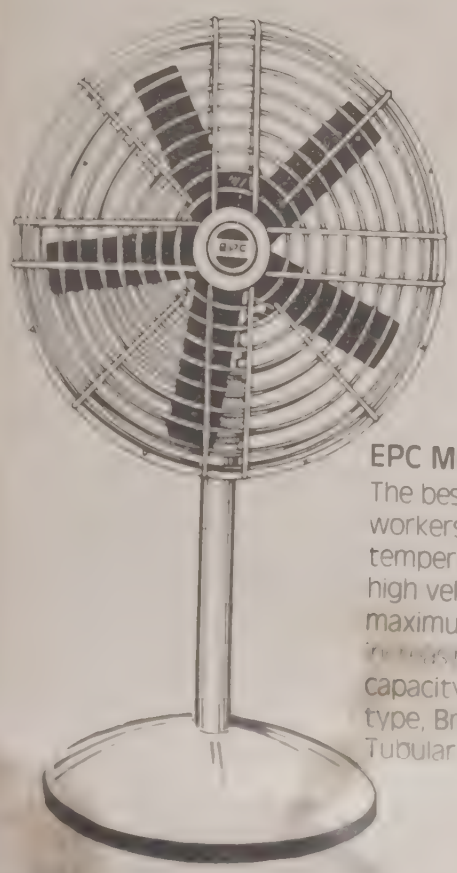
Which is why EPC fans convert your money into an asset.



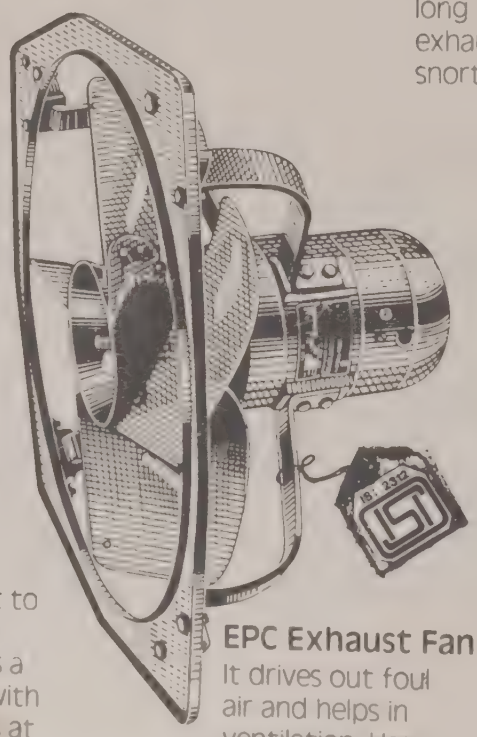
EPC Typhoon Air Circulator
Its large air delivery covers a distance of little over 15 metres. Available in 2 winged, 4 winged, Pedestal and Bracket types



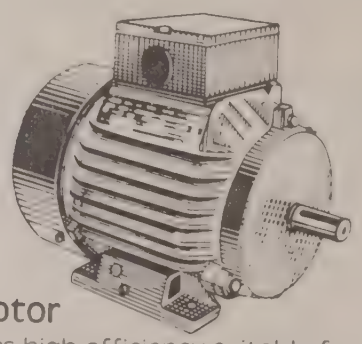
EPC Axial Flow Fan
Specially designed for removal of dust and fumes where, due to long ducts, system-resistance is high and conventional exhaust fans prove inadequate. Available in long and short casings, bifurcated type and belt driven type.



EPC Mancooler
The best cooling comfort to workers working in high temperature. It produces a high velocity air stream with maximum reach and aims at increasing productive capacity. Present in Pedestal type, Bracket type and Tubular type



EPC Exhaust Fan
It drives out foul air and helps in ventilation. Has widest range from 230 mm (9") to 900 mm (36") in both single and three phases.



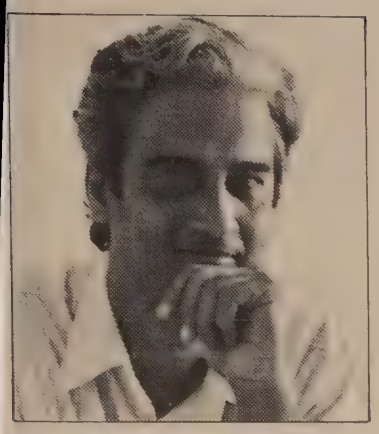
EPC Motor
Possesses high efficiency, suitable for Industry, Agriculture, Domestic Pumps and other applications. It is totally enclosed fan-cooled squirrel cage and has a cast iron body (international frame)

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Do we need trade unions?



E.A. RAMASWAMY

I have been teaching for the past few months a course on trade unionism to a group of trade unionists, managers and civil servants from Asia, Africa and Latin America. The question that keeps coming up is whether the world, and especially the Third World, needs trade unions. Many of the countries represented in the class have dictatorial regimes or guided democracies that frown on protest. Their trade unions are emasculated by controls, but even this feeble labour movement appears burdensome in the context of their economic situation and the looming debt trap. They are under pressure from the World Bank to further tighten the clamps on labour through structural adjustment policies. For an economy besieged from all sides, trade unions appear an expensive and wholly dysfunctional luxury.

Trade unions are on the decline everywhere, and not merely in besieged economies. Their membership is well below a quarter of the working population in much of Western Europe. They control less than 20 per cent of the workers in the UK and the US and a mere 10 per cent in France. Large and powerful trade unions such as the National Union of Mine Workers in England have suffered a staggering depletion of membership. The halcyon days of the labour movement appear to be well and truly over.

No regrets

For many, this is not a cause for regret. The managers in my class, much like their counterparts in our country, feel that trade unions have brought this misfortune upon themselves with their insensitivity to larger social and economic questions. They cannot understand how labour can quarrel over the division of the cake when no surplus is being generated in the first place. They are perplexed that trade unions which talk so much about the exploitation of labour by capital are not troubled by the exploitation of poor nations by the rich. Their countries are now in economic bondage to the rich nations of the West after centuries of struggle to rid themselves of the political bondage. Instead of helping the country fight this new colonialism by improving productivity, trade unions are busy driving the economy further against the wall.

Significantly, even the trade unionists in the class agree that orthodox trade union methods forged in England and the US may not be appropriate to their situation. More than either trade unionists or managers, it is the civil servants who have a hard time deciding what to do with the labour movement. When unions embark on the path of conflict, they hurt the economy grievously. If they follow the path of co-operation, they end up as stooges of the management and move away from the basic purpose of protecting labour's interests. What in fact should they be doing? Do societies such as theirs — and ours — need trade unions at all? Or, are we all better off without them?

It was a challenge to debate these seminal questions with an audience drawn from such diverse political and social backgrounds as China at one end and Holland at the other, with Ethiopia, Kenya, Pakistan, Nigeria, Indonesia, the Philippines, Zambia, Trinidad, Uganda, Costa Rica, Egypt and Bangladesh thrown between. I must confess to being a firm believer in the need for checks and balances as an essential precondition for fairplay. No one can deny that while labour and management have many shared interests, they are also in conflict.

Balancing conflicting interests

The democratic method of balancing conflicting interests is to permit and even encourage pressure group activity. The managing director of a public enterprise once suggested that the public sector needed neither trade unions nor protective labour legislation because it was such a good employer. By the same logic, one might argue that public sector monopolies are good for the consumer because they are too benign to exploit him.

The core of the problem is that conventional trade unionism feels comfortable with conflict, but flinches at the thought of co-operation. For the orthodoxy of the labour movement, the employer is by axiom malevolent and narrowly selfish. Since he cannot be up to any good, the union must view every act of his with suspicion

It is just as unconvincing to argue that the economies of poor nations would benefit by gagging pressure group activity. What one finds after interacting with participants from more than a dozen third world countries, most of which have made it quite impossible for trade unions to function with any freedom, is that there is no inevitable linkage between economic development and denial of trade union rights. After decades of

The author is a freelance commentator and consultant based in Delhi

repression, their productivity is abysmal and their economies are in a shambles. We need go no further than to look at Pakistan — for all the controls they have clamped on unions, their productivity is certainly not superior to ours.

In fact, the need of third world societies for pressure group activity is more — and not less — than that of the industrialised West. We in India know for instance that it is quite impossible to promote social change merely through legislation. The keenness of the government to legislate is scarcely matched by its ability to implement the laws. Only voluntary pressure group activity, whether of consumers or industrial workers, agricultural labourers, women or whoever can protect sectional interests.

Achieving the objective

Pressure group activity can, of course, hurt the economy. It is true that labour and management are often locked in mindless conflict to the detriment of everyone. If we have to keep our heads above the swirling waters of the debt trap, our industry needs to fare a lot better. There is no question about that. The question is how we can achieve that objective. Will that be achieved by banning protest and hoping that the government, the employer or some other benevolent monolith would balance competing interests? That is a load of wishful thinking. Will it be achieved by mothballing trade unions until the economy has been restored to the pink of health, and pulling them out of the closet on that fateful day? That too is a bagful of tripe. The answer lies not in suppressing but in reshaping trade unionism.

The core of the problem is that conventional trade unionism feels comfortable with conflict, but flinches at the thought of co-operation. For the orthodoxy of the labour movement, the employer is by axiom malevolent and narrowly selfish. Since he cannot be up to any good, the union must view every act of his with suspicion. Co-operation on the other hand is a frightening prospect because it is seen as a synonym for collusion. The model is of class conflict and the union needs a class enemy to survive. This model, which is more appropriate when the employer is bigoted and conditions are oppressive, is not easily given up with changing times.

Having learnt only the language of adversity, this brand of trade unionism does not quite know how to respond when the employer changes tack, or when the members' interests go beyond a better wage. It becomes self-righteous to the point of believing that all others must always be in the wrong. Muckraking and the search for the fly in the ointment become [illegible] journal fate.

This [illegible] unionism we have in many of our enterprises, [illegible] too negative to have much social relevance, especially in poor countries struggling to provide a better life for everyone and ward off new forms of international enslavement. If only trade unionists will look around, they will realise what little sympathy there is for them. They are alienated not only from the wider society but even from other social movements.

The strategy of everlasting opposition does not make sense even from a more limited perspective. Trade unions are after all instruments for the realisation of a larger objective and not an end in their own right. For some, that larger objective may be the quest for a classless society. My own understanding of trade union purpose is more modest, although by no means easy to achieve. But the business of trade unionism should be to strive for a more just, humane, and democratic place of work — what one might call industrial democracy.

The future of trade unionism depends on its ability to forge a new strategy that blends co-operation with conflict. That in any case is how trade unions have prospered elsewhere, as would be amply proved by experience.... So long as they remember where and when to conflict, trade unions will not atrophy by co-operating

The trouble with blinkered trade unionism is that conflict becomes an end in itself. When such goal displacements occur, the union spurns ever so many opportunities to promote its true purpose. Participatory management is the most obvious example. Most of our unions are afraid of participation because it will compromise their freedom to conflict. They ask whether it is possible to participate with the employer. They don't ask whether participation offers the means — even limited means — for advancing industrial democracy. If they did, they would find wholesale opposition to participation quite impossible.

The future of trade unionism depends on its ability to forge a new strategy that blends co-operation with conflict. That in any case is how trade unions have prospered elsewhere, as would be amply proved by the experience of the Nordic countries and Germany. So long as they remember where and when to conflict, trade unions will not atrophy by co-operating with the employer. They will regain their relevance, stem the depletion of membership and serve a much needed social purpose. If on the contrary they refuse to change course, the future does look dim.

B(ad) times are here

The big squeeze on the Indian adworld has begun. Clients — even the most respectable names — are either delaying or reneging on payments. Ad budgets are likely to take a beating. With their bottomlines thus at stake, agencies are now closely monitoring their cash flows. The industry has been brought face to face with a reality it should rightly have woken up to in 1990: that the stupendous 30 per cent growth rate of the eighties is indeed a thing of the past.

But is business really heading towards the boondocks? In an unprecedented move, the Advertising Agencies Association of India (AAAI) wrote to the Indian Newspaper Society (INS) and Doordarshan, warning them that agencies would now begin to default on their media payments. An appeal was made, in the letters sent out in early June, that "in view of this situation, the AAAI is approaching all media, to take a realistic view of the industry's inability to meet its payment commitments on schedule".

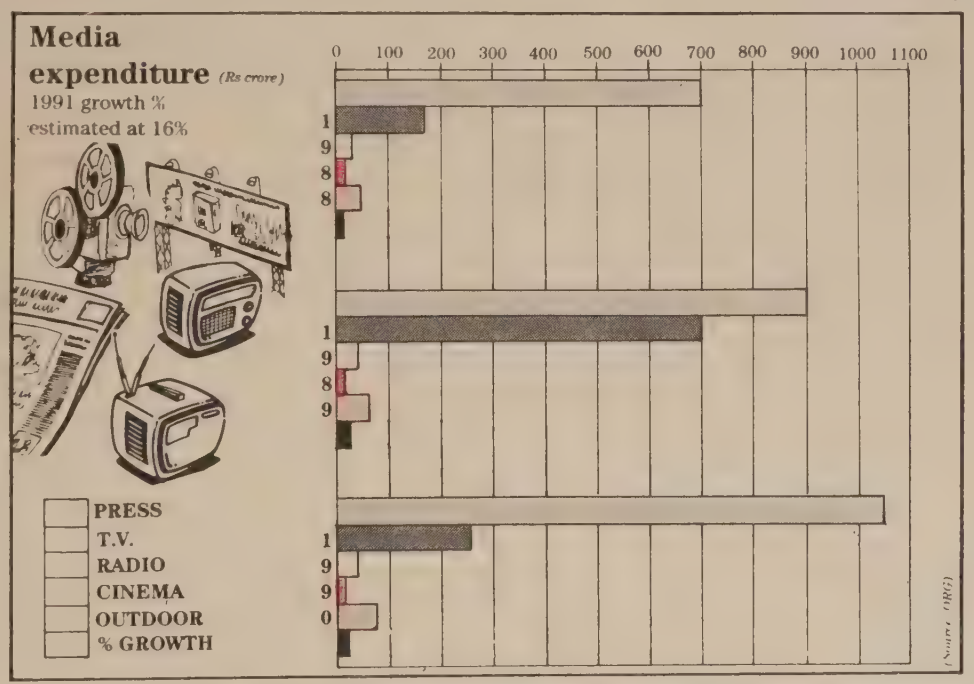
The reply, received from the INS, dated 13 June, was brief and discouraging. "Do you think the ad agencies are the only sufferers? We are also suffering from the credit squeeze and our cash flow has been affected very badly." Therefore, the INS recommended that the ad agencies better learn to "cash and carry". Sequential liability — "we will pay when the clients do" — wasn't good enough.

Response as expected

This unsympathetic response was only to be expected; earlier this year the two had tussled over the credit period allowed to agencies, with the INS demanding that it be reduced from 60 to 45 days. Now, a meeting between the AAAI and INS in the second week of July is expected to "look into" the common interests of the media, clients and the ad agencies.

On their part, agencies have a valid reason for their demand. Gautam Rakshit, president of the AAAI and director of Advertising Avenues (billings in 1990-91: Rs.15 crore) says, "All clients without exception are delaying payments up to 10-15 days beyond the 60 day period. They are all genuinely unable to deliver cheques which are lying prepared by them because they simply do not have cash in the bank. Advertising for capital goods, consumer durables and perishables, in that order, has suffered. Further, clients are unwilling to launch new campaigns in this confused environment."

"It's three months to disaster," says Anil Bhatia, senior vice-president and general manager, Hindustan Thompson Associates, the country's number one agency in terms of billings (1990-91: Rs. 108 crore). "Both big and small agencies may not default this month, but no one is quite sure how they'll get through the next month."



The case of Trikaya Grey (1990-91 billings: Rs.26 crore) is no different. Says Raj Gupta, executive director, Trikaya Grey, "It's a photo-finish kind of a situation every month. But we are trying to honour our commitments."

While an ad agency's earnings amount to 15 per cent of total billings, all that they retain post-tax amounts to one-and-a-half per cent. That is not substantial enough to 'finance' their clients and meet their own bills at the same time. Some feel that it's a good thing that agencies are finally becoming cash conscious. As Gupta says, "So far, the money was just pouring in. Now we face the real challenge."

Cutbacks in ad budgets may compound the problem. According to reliable sources, the cash rich Reliance Industries has slashed its budget on the Vimal campaign by half — from Rs. 6 crore to Rs. 3 crore. Its agency, Mudra, will therefore (like most other agencies) have to cope with the consequences of reduced business. Other high-profile advertisers like Air India and Videocon have also implemented reductions in ad spend.

Plans reviewed

"We are reviewing the annual advertising plan prepared earlier," says Pheroze Bharda, vice-president (sales & marketing), Tomco. "But we will not have a clear cut idea till the Central budget is announced. The money crunch is a problem that has affected all aspects of production, leading to the pruning of expenses on all fronts, including advertising." Tomco spent Rs.9 crore on media expenses last year and had planned to increase its advertising expenditure further this year.

Bharat Puri, product manager, Asian Paints (annual ad spend: Rs.3 crore), says, "We had already prepared a conservative advertising plan for this year. Last year too, due to the Gulf crisis, we had to cut our ad budgets. Since most of our advertising takes place around the Diwali period, we are now reviewing the situation as per our current financial status. This year's budget won't exceed last year's and will also encompass the new products we plan to introduce. There will be no new campaigns for existing products."

Many agencies, with the backing of their big-spending clients, are already negotiating directly with publications asking them to accept releases for which payments will be made at a 'suitable' time — anywhere from 60 to 90 days.

But there are those who see the positive aspect of the current crisis. Sam Balsara, chief executive, Madison Advertising (1990-91 billings: Rs.4.2 crore), who has just been re-elected president of The Advertising Club, Bombay, says that, "The need of the hour is to stretch the ad rupee. Clients have, therefore, begun to appreciate the role of their agencies."

Amid all this, admen, quite characteristically, remain optimistic in the hope that with the economy expected to bounce back under a stable government, they will shortly be back to their two Martini lunches.

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- Owned Fund - Deposit Ratio — 4.77 %

1. IInd position among nationalised banks in Indian deposits
2. Non-resident deposits cross Rs. 1000 crores
3. Foreign business turnover crosses Rs. 10,000 crores
4. Cancard holders exceed 1,00,000

BALANCE SHEET AS AT 31-03-1991

STATEMENT OF POSITION - CONDENSED VERSION

CAPITAL AND LIABILITIES (Rs. in crores)				PROPERTY AND ASSETS (Rs. in crores)	
31st March 1990		31st March 1991	31st March 1990		31st March 1991
57.91	Capital(Paid Up)	75.24	2,427.34	Cash in hand and with Banks	2,491.08
400.00	Reserve funds & Other Reserves	525.00	135.00	Money at Call & Short notice	253.00
			4,196.35	Investment in Govt. & other Securities	4,397.38
10,923.00	Deposit & other accounts	12,578.50	6,498.48	Advances	7,073.05
1,926.74	Borrowing from Banks & Agents etc.	1,316.84	670.72	Bills for collection As *per contra*	885.77
332.52	Bills Payable	290.51	1,555.21	Constituents' Liabilities for Acceptance, Endorsements etc., *per contra*	1,643.88
			57.25	Premises	58.77
670.72	Bills for collection As *per contra*	885.77	58.27	Furniture & Fixtures	62.32
			681.57	Other Assets	790.79
404.56	Other liabilities	329.45	0.17	Non-Banking Assets	0.19
1,555.21	Acceptance, Endorsements etc.*per contra*	1,643.88			
61.27	Profit for the year 76.04				
	Less transferred to				
45.00	Reserve Funds & other Reserves 65.00				
6.25	Transferred to contingency —				
10.02	Balance transferred to Central Govt.	11.04			
16,280.35		17,656.23	16,280.35		17,656.23

CANARA BANK

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MAA COMMUNICATIONS CB 1624

CITIBANK-DINERS

Top of the pack

Cash is *passe*. The common currency in corporate circles today is plastic money. Ever since banks got into the act, the credit card market has expanded manifold. Leading the pack is Citibank's Diners Club card, whose vigorous marketing strategy has kept it ahead.

A year ago, Citibank took over the Diners franchise at a fancy price from the Aggarwal family. Though a pioneer in the credit card business, Diners had suffered some erosion under its previous owners. Its upmarket aura was gradually waning. And for good reason. Delays in reimbursements to member establishments had resulted in some of them refusing to honour the card altogether. This had its impact on the membership roster which stopped growing. The number of active members too declined.

Starting from scratch

"Our immediate task after taking over the card was to stabilise the operations and rebuild confidence," says Sanjeeb Chaudhuri, vice-president and marketing director, cards division, Citibank. And while they were doing this, they put on hold the recruitment of new members. As a first step, the merchant establishment network was strengthened. Those who had turned away were persuaded to return to the Diners fold. The advertising campaign launched just then was pitched at existing members. It highlighted the card's features as "the rewards of success", reinforcing the upmarket image.

The Diners card is now sharply focused as a travel and entertainment card for businessmen and senior executives. "We wanted to create a product of international standing and make it better than anything the competition was offering," says Ashoke Dutt, vice-president and business manager. The aim is to give the cardholders features which exist in the wide Diners network the world over. One of the first things that was done was to arrange with airport authorities to enable the cardholders to use the airport business lounges. For the international traveller Hertz car rentals have been made possible at a discount. The cardholder also gets higher insurance coverage than normal while flying.

Diners card now also offers other insurance benefits for cardowners. The outstandings have been insured in the event of the death of the cardholder. "In fact, this is the first time that the Life Insurance Corporation has agreed to devise a variable cover product (a product whose value varies from month to month)," points out Chaudhuri. Concepts like these really aim at benefiting the cardholder at an emotional level. Citibank has for the first time persuaded some hospitals and medical centres to accept the card.

There have also been very carefully thought out special offers. Well prepared video cassettes on music and sports have been offered at a discount. A tie-up, for the first time, with the very upmarket Shyam Ahuja products brought in a lot of response. There have been other exotic offers like Tanjore paintings at a discount. An international Diners card benefit, by which a cardholder gets a bonus point for every usage which can be later redeemed, is going to be tried out.

The other side of the card operations is to build up the number of merchant establishments. "We have a separate merchant services cell, with separate staff who deal with member establishments. We want to make them feel a part of this big network. One of the benefits we are working on is to offer a special insurance scheme for them," says Chaudhuri.

The competitors are obviously watching Citibank's marketing efforts with great interest. With the exception of Mercard offered by the Madras-based Mercantile Credit Corporation, a non-banking institution, almost all the nationalised banks with sufficient financial strength are in the credit card business. Says Nageswara Rao, chief officer, credit card division, Andhra Bank, "Citibank Diners is really aiming at the upper crust of the market. One has to wait and see what they do with the Visa and Master Cards." According to C.G. Atwal Palkar, general manager, computer and consumer services, Canara Bank, Citibank is looking for a segment which is not necessarily being looked at by the other banks. "We want to go deeper into the market, the middle-class segment," he says.

But Citibank is looking into the middle-class market as well. "We have positioned Diners as a very strong travel, entertainment and a somewhat limited retail card. But Visa and Master are really more personalised retail cards. These are priced differently and they have different features. We see them as payment mechanisms. We don't really see them as credit mechanisms," explains Chaudhuri. The competition is really hotting up in this segment. Says Ray Galliott, manager, card development, ANZ Grindlays, which has a tie-up with Visa at present, "Our strategy is to offer a superior card and superior service."

"We are completely customer driven," claims Dutt. In the effort to satisfy customers, Citibank Diners card offers various 24-hour services, including ATM (automatic teller machine) withdrawal of money and so on. One might have to pay phenomenal amounts to get these services, but Citibank has made them available to those who can afford them. Most of the other banks are not yet in a position to offer these services. Says Ramesh C. Khanduri, deputy general manager, personal and services banking division, State Bank, "This kind of yuppie operation needs a full computer back-up to keep track of credit follow-up with the vast network that we have. At this point we don't have that kind of follow-up. The foreign banks have very few branches, so it's easier for them to operate."



Dutt and Chaudhuri: edge over competition

When Citibank took over Diners and launched its card division, it had inherited 65,000 members. Now it has 90,000 members (including Master and Visa cardholders) and hopes to cross 100,000 very soon. Citibank remains undaunted by competition. "We really feel cash is our real competition," claim Chaudhuri and Dutt. It is another matter that almost everybody else in the card business feels the same way. But Citibank, with its international experience (it is the largest issuer of cards in the world with 42 million holders) and its well-established computer network in India, certainly feels that it has an edge.

■ SUSHILA RAVINDRANATH

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The first five catalogues are on
GEMS & JEWELLERY —
APPAREL & TEXTILES — CHEMICALS,
PHARMACEUTICALS & ALLIED PRODUCTS —
ENGINEERING — LEATHER

KINETIC HONDA

Off to a flying start

After having entered the Guinness Book of World Records thrice, Kinetic Honda seems to be heading for yet another record of sorts — this time in the area of exports. Last year, during 1990-91, its exports jumped to Rs.2 crore from a negligible Rs.70,000 in the previous year.

Although the total turnover of Kinetic Honda during 1990-91 was about Rs.110 crore, and the exports form a little less than 2 per cent of their turnover, it still is a creditable performance, when compared with the export of 2 wheelers worth Rs.3.5 crore by a giant like Bajaj Auto, whose turnover is over Rs.1,000 crore.

Several other factors make this performance look even more impressive. For example, the company is just 4 years old, having started its production in April 1986. "In the current year," says H.K. Firodia, chairman, Kinetic Honda, "We should easily be able to up our exports figures to Rs.5 crore. Thereafter, we should be doubling our exports every year, for the next couple of years." Explains Shigeo Hirose, joint managing director, Kinetic Honda, "Our target is to finally export 10 per cent to 15 per cent of our turnover every year."





Hirose: "The Indian model has been appreciated abroad"; (inset) *Firodia*

Revealing the reasons for Kinetic Honda's headlong foray into exports, Firodia says, "The foremost reason is that the country's balance of payments position is in a bad shape, to improve which we wanted to contribute our mite. Secondly, we already had a product which was of international standards. Thirdly, we calculated that we could get a better realisation in terms of profits. And last but not the least, we had available to us Honda Motors' worldwide distributor and service network."

Another interesting feature is that Kinetic Honda is exporting the same scooter which is selling in the domestic market. It has a high indigenous content of 95 per cent. "Each scooter brings in a net foreign exchange earnings of over $600," reveals Firodia.

According to an observer of the scooter scene, among all the Indian brands, Kinetic Honda's model can easily be said to be the most acceptable in the international market for several reasons. It has sleek styling contours, a push-button start and an automatic transmission. Also, it is the most fuel-efficient and its emission level is within international specifications.

"That's not all," emphasises Hirose. "The Indian scooter which has been designed for rough road conditions has been appreciated abroad for its toughness in comparison to Honda's original models. For example, it has all steel panels, while Honda scooters have fibre reinforced plastic panels. It is also cheaper than comparable Honda models."

Hirose points out that, apart from the availability of Honda Motors dealer network, what has made the export performance possible is the fact that Honda Motors have taken care not to market their models which fall in the range of the Kinteic Honda so as to avoid competition. So far, the parent company has opened up markets for Kinetic Honda in Turkey, Iran, Mexico, Macao, Hong Kong, Cyprus, Nigeria, and the Ivory Coast. H.K. Firodia recently visited China and a delegation from there will soon visit the Kinetic Honda plant. "I see Vietnam also as another big potential market," says Firodia.

Ideal for the lower end

One more reason why Honda Motors has included Kinetic Honda in its worldwide marketing gameplan is that due to the rising yen, its production costs and market price have risen quite steeply. On the other hand, the price of the model exported by Kinetic Honda has been benefited by a falling rupee and this model is ideal for the lower end of the international market.

Due to similar considerations, Hirose has prepared a proposal which is a long-term strategy, to shift some more production lines for one or two more models, from Honda's factories located in Japan, South Korea or Taiwan to India. These production lines could form a 100 per cent export-oriented unit in India, and they would form the single source of supply worldwide, for the models chosen. "This proposal is still in the planning stage," says Firodia, "but it definitely could take shape in the long run, as Japan, South Korea and Taiwan are all high-cost economies. Such a proposal would make eminently more sense to both Honda Motors and Kinetic Honda."

Kinetic Honda seems all set to go places in the international market, and it may be only a matter of time before it starts giving sleepless nights to the top brass at Bajaj Auto.

■ ROOP KARNANI

WHAT'S

MRF NYL

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L to R – ARUN KHADSE, STANLEY ROSE & SATISH GANAPATHY

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LRSP

Lupin's rural formula

The Lupin Rural Support Programme, funded and managed by the Bombay-based pharmaceutical giant, is in many ways a unique experiment to help uplift the lot of the rural poor in Rajasthan

The sun is blazing down and dust swirls skywards forming a curtain around the jeep as it pounds its way to village Ramnagar in Rajasthan's Bharatpur district. The three-kilometre long stretch, cutting through a vast expanse of mustard, is as yet unpaved, and is unusable in the rains. But soon, there will be a major change. In the coming months workmen will descend here to press the flaky top soil under tar and macadam. What, for generations of Ramnagar residents, seemed only a far away dream will at last be realised — their village will finally be linked to the main district highway by an all-season motorable road.

It is arguable whether a motorable road will in any way substantially alter the quality of life of Ramnagar's 600 villagers. But the other changes that have taken place here in recent times definitely have. Till about two years ago, this village was like thousands of other villages in India, poor — the average household monthly income was less than Rs.400 and existence was an every day struggle.

Ramnagar was blighted by nature as well. The main village tank lay silted for over two decades and the wells in the vicinity were all dry. This meant that women had to trudge upto one kilometre every day to the nearest source for their daily potable water. "Outsiders were reluctant to get their daughters married to boys of my village," says sarpanch Budhilal Sharma in his halting Hindi. "The talk was that sending one's daughter to Ramnagar was like sending her to Kalapani (incarceration in an inhospitable exile)."

God smiles on Ramnagar

And then, in the words of Sharma, "God smiled on us two years ago in the form of Deshbandhuji." Deshbandhu Gupta is the low profile son of a school teacher, who started out life as a college professor and then went on to set up one of India's most successful pharmaceutical companies the Bombay-based Lupin Laboratories (annualised sales last year Rs.170 crore). For many years Gupta has been practising the *Vipasana* form of meditation which, he says, developed in him "a deep inner urge to do good for people, to lead a life of service. And the feeling that whatever you are in life is because of society and you owe it to do good in gratitude."

To fulfil this inner urge, in October 1988, Gupta launched the Lupin Rural Support Programme (LRSP) in Rajasthan's Bharatpur district with a corpus of Rs.1 crore and with the objective of developing "appropriate models to achieve integrated rural development in India" and "to make the best use of resources, appropriate technology and scientific management concepts for need-based programmes at the grassroot level." Gupta got one of India's most respected rural development experts, Bhupat Trivedi, to head the programme.

The immediate aim, as the plan was chalked out in Lupin's Bombay headquarters, was to provide an income base of Rs.1,000 per month per working person. The idea was to ensure an annual family income of Rs.24,000 in a time period not exceeding three years, on a self-sustaining basis, in a target population of 100,000 people in 35 villages in Bharatpur. (Today the scheme covers 100 villages.)

Waiting for water

But how did Ramnagar catch the Lupin programme's eye? One fateful day in late 1988, Trivedi and his officials happened to stop in Ramnagar while on a scouting mission to locate the villages to be adopted in the first phase of the programme. As Sitharam Gupta, who under Trivedi is the chief project co-ordinator for the programme, describes it, they asked for some tea soon after reaching Ramnagar. But it took an inordinately long time to arrive and when asked why, the reply was that the householder had gone to fetch water from about a kilometre away. Almost immediately Ramnagar was adopted.

Less than a month later, a four kilometre pipe line, put up at a cost of Rs.6 crore, was bringing water into the village.



The main objective is the uplift of farmers

"Deshbandhusahab for us is like Krishna Bhagvan being reborn," says Sharma in gloating reverence.

In village Somka, about 80 kilometres away, the term of endearment for D.B. Gupta changes, considering the village's largely Muslim character. *"Khuda ka shukar hai,"* is how Sher Mohammed, a 22-year-old farmer, talks about LRSP adopting his village. Somka was briefly in the news in April 1986 when the late Rajiv Gandhi came here during his tour of rural India. The prime minister's visit resulted in a good motorable road for the village but did little about the main reason behind the villager's grinding poverty. For more than a generation Somka's residents had not been able to farm their land because it had turned alkaline. LRSP's first task here was to treat the soil with gypsum and zinc sulphate, which brought more than 25 acres of land back to life within the first year itself. In the second phase some 1,000 acres will be reclaimed through this process, at a cost less than Rs.2,000 an acre.

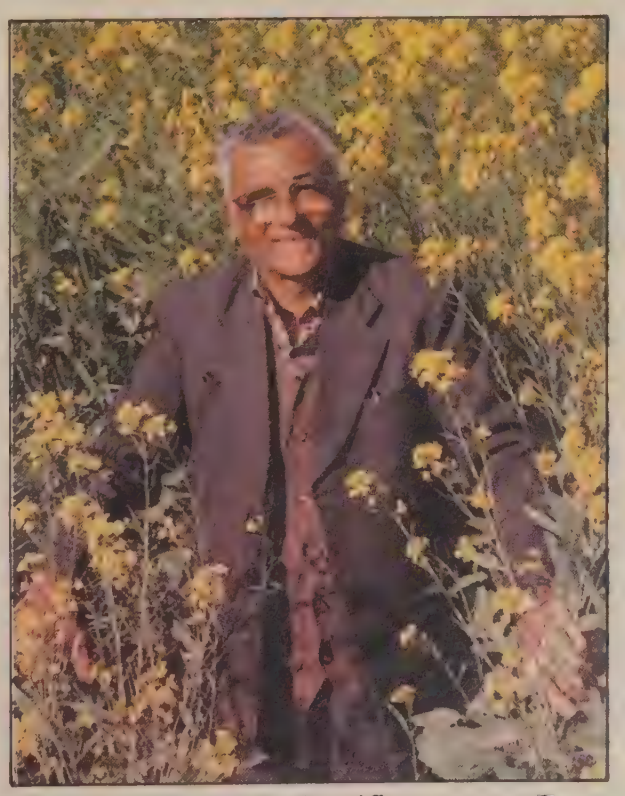
About two hours' drive from Somka is



Nonera, a village of 2,300 people, which has lived through successive monsoons virtually marooned for want of an elevated path-way. "During a particularly heavy shower we had to wade through waist deep water," says sarpanch Lakhan Singh. And now, thanks to LRSP, a 4.6 kilometre road is nearing completion. "Fifty years of Independence and no one ever came here," Lakhan Singh says, "and Lupin has changed our lives."

It cost Rs.4.21 lakh to build the Nonera link road, Rs.3.70 lakh of which came from LRSP, Rs.51,000 from the villagers themselves, apart from the labour they put into the actual construction. The water pipeline to Ramnagar cost Rs.6 lakh and all of it came from the Rajasthan government as also the Rs.4.6 lakh needed for the link road there. In Somka of the Rs.74,000 that has been spent so far on the land reclamation, Rs.48,000 came from LRSP, Rs.6000 from the government and the remainder, Rs.20,000, from the villagers themselves.

The funding pattern that LRSP has adopted for the work done in these three villages is indicative of an important aspect of LRSP. "Our role is that of a catalyst and a facilitator of rural development," says Bhupat Trivedi. And thus, unlike some over-generous philanthropists, Lupin is not pouring in an endless quantum of money into the projects that it is involved in. In fact, till late last year for example, about Rs.2 crore has been spent on the various projects in the 35 villages. Of this amount, less than Rs.1 crore came from the pharmaceutical company's own funds, the rest came from the government and the people themselves.



Trivedi: a totally scientific approach

"It is a three-way participatory rural development programme where we get the government and the people to play an equally important role," says Trivedi. Sitharam Gupta concurs, "One of the primary aims of our programme is to see that the existing government outlay for rural development is used efficiently and effectively. We contribute the managerial effort that is required for this venture."

Well thought out

Consequently a great deal of thought and effort has gone into planning every aspect of LRSP's activity, from mapping its objectives, to selecting the people to run it, to the actual implementation of the programmes. Gupta doesn't see much difference between the way he runs his company and the working of LRSP. "What we are doing is identical to what we do in business. We fix an objective, seek the appropriate technology, apply the appropriate management technique, and then provide the resources needed to achieve the objective."

Gupta says he was lucky in finding the right man to run the programme. The son of a farmer from Gujarat's Jamnagar district, the 61-year-old, sprightly, Bhupat Trivedi has spent 30 years working in rural India, in activity ranging from organising young farmers in Gujarat to helping rehabilitate Naxalites in West Bengal, to helping raise the standard of living of tribals in Kerala.

Keeping to the totally scientific and management-oriented approach of LRSP, Trivedi says he was clear right from the beginning that this was not going to be a khadi-clad, ideology-spouting social worker show. In fact, none of the 31 people who run LRSP, except Trivedi himself, have had any experience in social work or rural development. They are all highly paid professionals who were selected for their expertise in different fields.

Sitharam Gupta, the 40-year-old chief co-ordinator of the programme, was an engineer with the Rajasthan State Electricity Board and had made a name for himself organising the power engineers'

association in North India. Amar Singh Sharma, who is the senior co-ordinator for the agriculture and animal husbandry programme is an agricultural scientist who is actually an assistant director in the Rajasthan state government's agriculture department and is on a long deputation at LRSP's special request. Mukesh Gupta, the senior co-ordinator for the village industries and civil works programme, is a 31-year-old management graduate who has had a brilliant career in industry in Bombay.

The 35 villages under the programme are divided into 13 clusters and each cluster has one field assistant, most of them post graduates, staying in the village itself. With this kind of management structure, it isn't surprising that last year out of the Rs.90 lakh spent by LRSP till December 1990, Rs.42 lakh went toward administrative expenses. Says Trivedi, "Ours is a professionally-managed organisation with clear and achievable objectives."

Why Bharatpur?

The choice of Bharatpur as the district to implement the first phase of the programme was also an important and well thought out one. According to Gupta, he wanted this programme to become a model for similar ones that could be replicated elsewhere. And the only way the replication was possible was to get ministers and officials from the union government to see the success of the project and use their resources to persuade other industrial houses to take up similar programmes. Bharatpur being just 5 hours drive from Delhi, it is easy to get the capital bigwigs to visit the project.

Apart from the civil infrastructrual work like building of roads and providing water connections, LRSP's programme for each village (drawn up after an extensive survey of the population) is a comprehensive one which covers every possible aspect of economic activity there — agriculture, animal husbandry, dairying, fishing and cottage industries. Through demonstrations at an experimental farm in village Khoh, LRSP has within a year been able to vastly improve the yield of various crops grown in the target villages. The average wheat production last year, for example, was 26 quintals an hectare compared to 22 in the previous year. Similarly, the figure for barley was 30 against 23, for paddy 20 against 12, jowar 19 against 14, mustard 13 against 10.

Animal husbandry and dairying is another area where LRSP experts are working full time to improve yields. Fourteen co- operative milk societies involving 1,100 members have so far been established in as many villages. The Rajasthan State Co-operative Dairy Federation has contracted to buy the milk at a rate that has improved the farmers' income by more than 20 per cent on an average.



D.B. Gupta: Lord Krishna reborn

Other animal husbandry related programmes range from developing piggeries, poultries, goat and sheep keeping to deepening of village tanks and using them for rearing fish.

Introducing industry

As for village industries, Mukesh Gupta, the co-ordinator, says that since Bharatpur has always lacked an industrial culture it has been rather difficult developing it. Nevertheless, LRSP has set up two training-cum-production centres for dhurry weaving where trainees are paid stipends of around Rs.300 a month. NABARD has also recently sanctioned a training-cum-production centre with a grant-in-aid of around Rs. 18 lakh.

One aspect of the LRSP that Trivedi is genuinely proud of is the extent to which he has got the government and government agencies involved in the various projects. Apart from the district administration in Bharatpur and the government of Rajasthan, the other organisations who are active in one way or the other include the Khadi & Village Industries Commission, the Union Rural Development Ministry, Indian Council of Agricultural Research, Central Bee Research Institute, various agricultural universities, NABARD, Central Fodder Research Institute, Jhansi, the Punjab National Bank and even HDFC. Says Trivedi, "There is enough of expertise available in this country. The important thing is to use these resources well."

Participatory approach

The Rajasthan government, in turn, now looks upon the LRSP as a model for its rural development programme. According to M.L. Mehta, the state commissioner for agriculture and policy planning, the state government would like LRSP to cover more villages in the state under the programme. The participatory approach adopted by LRSP has not only generated great enthusiasm among the people but has also given a new thrust to community development. People have participated in real terms, voluntarily by way of labour, contribution of funds and supervision of development works benefiting their village or locality, thus making 'development at doorstep' a reality."

A measure of LRSP's success can also be seen by the fact that the United Nations Development Programme (UNDP) is sending four of its volunteers from Philippines, Indonesia, Sri Lanka and Bangladesh to train in Bharatpur for two years. But D.B. Gupta claims the programme is still in the experimental stage.

"The day the programme is successfully replicated elsewhere by other voluntary agencies is when I will consider it a major success," he says. "And I don't think this is a difficult task. There are 500 districts in the country and I am sure there are 500 companies and associations which can individually, or in groups, spend a few crores and provide the managerial resources for rural upliftment programmes in each of these districts. All that is needed is the will, and millions more will be able to put their grinding poverty behind them."

■ N. RADHAKRISHNAN

A special section

on global affairs prepared for
Business India

The World Paper

MIDDLE EAST MONEY

Same camels, new products



DAVID KLEIN

BY OSAMA EL-SHERIF
in Amman, Jordan

TO THE VICTOR go the spoils of the Gulf War: access to oil, billions of dollars in reconstruction and military contracts, plus US political and economic dominance over the affairs of the Gulf and Middle East.

Just as the Gulf conflict changed the political map of the Middle East, it is now redesigning the economic relationships between rich and poor within the beleaguered Arab world, between oil-producing Arab countries and the West and between poor Arab countries and the West, particularly the US.

Iraq's Saddam Hussein had told millions of impoverished Arabs that his occupation of Kuwait embodied the struggle for a new Arab economic order based on a just and more equitable distribution of wealth among the Arab people. But in political and economic terms, Iraq's occupation of Kuwait meant that, in effect, Hussein controlled more than two-thirds of the oil reserves in the Middle East.

The industrial West saw in Hussein's control of Kuwait a repetition of the bitter memories of Mussadeq's nationalization of Iranian oil in the 1950s, the Arab oil embargo during the 1973 Arab-Israeli War, the Islamic revolution in Iran and the rise of Khomeini in 1979 and the bloody Iran-Iraq War of the 1980s, all of which have threatened free access to oil from the deserts of the Middle East to the factories of the capitalist world.

Continued next page

New products

Continued from previous page

The tribal leaders of the sparsely populated Gulf states were also fearful for their very existence as privileged societies enjoying luxuries made possible by the billions of dollars generated from the sale of their black gold.

The Gulf sheikdoms had clustered together into an exclusive rich-man's club, the Gulf Cooperation Council (GCC), as far back as 1980, soon after the Iran-Iraq War broke out. They were always wary of the territorial ambitions of their two large neighbors who engaged in a bloody war which lasted for eight long years.

The GCC grew from a political garrison into an economic forum for the six countries which make up the council today (Saudi Arabia, Kuwait, Bahrain, Qatar, United Arab Emirates and Oman). Policies of the Organization of Petroleum Exporting Countries (OPEC) were discussed and coordinated at the council while various trade agreements were concluded among the members to theoretically lift trade, investment, customs and other barriers.

But their billions were invested outside the Arab world: in French gas station chains, British luxury hotels, Japanese real estate and US financial institutions. Nonetheless, the GCC was unable to protect Kuwait from the invading Iraqis. The Gulf states had to turn to the US for help. By the time the Iraqis were driven out, Saudi Arabia, the United Arab Emirates and Kuwait had paid more than US$14 billion and are expected to pay another $21 billion to cover the cost of liberating Kuwait.

The cost of the war depleted substantial sums of GCC countries' liquidity. For the first time in its history, Saudi Arabia, which was trying to adjust to dwindling oil returns and rising budgetary expenditures even before the Gulf conflict, had to borrow money in order to meet its financial obligations.

Jordan, Yemen and the Palestine Liberation Organization (PLO) have now been taken off the GCC's aid list because of their political stands during the Gulf War. Their nationals, who brought in billions of dollars in expatriate money, were either expelled en masse, like the Yemenis from Saudi Arabia, or harassed into leaving. Those in Kuwait (a prewar estimate put the number of Palestinians and Jordanians at 450,000) lost most of their possessions fleeing either the invading Iraqis or the liberated Kuwaitis who persecuted them for their leaders' stands.

The loss of expatriate money could mean catastrophe for Jordan and the Palestinians of the West Bank and Gaza Strip. Jordan, which lost $4 billion in trade with Iraq and the Gulf states because of the conflict, as well as direct aid and expatriate remittances, was also punished by the US which cut its military and economic aid, estimated at $38 million annually.

As a token of their appreciation, the GCC members met with their Syrian and Egyptian allies in Damascus in March to discuss the setting up of a new defense and economic order. A $15 billion development fund is to be established to assist Arab countries who supported Allied intervention in the Gulf. Naturally, those Arabs who did not support the military option and the GCC's alliance with the West will not be welcomed into the new economic and military pact.

Iraq's defeat also means that GCC countries can now ignore the July 1990 OPEC quota agreement which was engineered by Hussein himself one month before his occupation of Kuwait. Hussein had forced GCC members to stick to their production quotas in an attempt to raise the price of oil to a respectable $24 per barrel after it had dropped to as low as $10 per barrel.

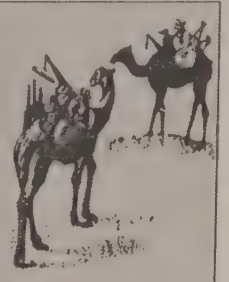
Reconstruction of the war-ravaged Gulf region is the biggest reward for Western members of the alliance. Destruction of Kuwait's infrastructure has been tremendous. Iraq has been pummeled back into the Middle Ages. Western sources are now talking about billion-dollar deals. The US will almost certainly get the lion's share in terms of contracts and trade agreements. In the 1980s, US exports to the GCC countries reached $80 billion in commodities and military equipment. Kuwait's reconstruction alone is estimated at $70 billion.

US peace efforts in the Middle East to settle the Arab-Israeli dispute and the Palestinian question are a direct consequence of the Gulf War. Again Arab oil money is lubricating the US-engineered peace machine. The GCC countries are now more susceptible to the idea of peace with Israel.

In economic and political terms, the Middle East today is opening up to US dominance. On the surface there is promise of reconstruction, political stability and economic security. But deep inside this troubled region there are issues which still need to be addressed and will continue to haunt the victors of the Gulf War. The "pacification" of the Middle East may have started, but it is a long way from completion.♦

Passing bucks

Gulf War profits and losses



Estimated value of Kuwait's foreign investments: **US$100 billion**

Estimated amount Saddam Hussein "skimmed off" Iraq's oil revenues over 10 years: **$10 billion**

Amount Syria received from Saudi Arabia and other Gulf states for coalition support: **$1 billion**

Value of gold and currency looted from Kuwait by Iraqi forces: **$1 billion**

Percent of GNP Syria and Israel spend on defense: **10-15;** Iraq: **25;** Saudi Arabia: **20;** most NATO countries: **3-4**

Advance offered US General Norman Schwarzkopf for his memoirs: **$4 million**

Estimated loss in trade and aid Jordan has suffered due to Gulf War: **$4 billion**

Total of direct foreign aid disbursements to Jordan from Japan and Germany between September, 1990 and February, 1991: **$947 million**



Ratio of funds spent on the military to funds spent on health and education in Iraq: **7:1;** Syria: **2.3:1;** Japan **1:10**

COMPILED BY WORLDPAPER STAFF

Osama El-Sherif is *The WorldPaper* associate editor for the Middle East.

Kuwait's secret weapon

Small nation, big international investor

By Nigel Adam
in London, UK

THE CITY OF London is home to many famous financial institutions. In the shadow of Saint Paul's Cathedral sits one of the most powerful and, until recently, one of the most secretive. It is the Kuwait Investment Office, known throughout the world's money markets as the KIO.

More than any other Arab institution, the KIO is a striking symbol of overseas wealth. It controls around US$40 billion of Kuwait's foreign holdings, which are estimated to be worth at least $100 billion. The KIO owns large chunks of companies in the UK, including a 9.8 percent stake in British Petroleum (BP), and has made similar investments elsewhere in Europe.

Kuwait's decision to build an international portfolio from a London base has proved to be a masterstroke. While Iraqi troops were plundering Kuwait City last August and removing valuables of all kinds, the country's overseas investments remained untouched. A freeze on Kuwaiti assets by the major powers proved purely temporary.

The KIO's reputation in London and its operational experience there made it a rallying point for the Kuwaiti government-in-exile. It also helped the country's banks deal with problems created by the freeze and worked closely with the Kuwait Petroleum Corporation, the state oil company which has also had a London office since 1983.

For many years, the KIO adopted a highly secretive approach to its investments, only declaring stakes built up in companies when it was legally compelled to do so. Whenever a stock price shot skyward on the London exchange, rumors of KIO buying swept the City.

> *It is ironic that such careful planning in Kuwait's overseas investments should be met with the wholesale destruction of its assets at home.*

Although firmly rooted in London, the KIO has recently been hunting for bargains on the continent, particularly in Spain. It is now the largest foreign investor in that country, with assets valued at between $7 billion and $8 billion. It has interests in food, paper and chemical companies, as well as a near 75 percent holding in Grupo Torras, one of the country's largest industrial holding companies.

The KIO is not the only guardian of Kuwait's international investments. The government itself owns a 14 percent stake in Daimler Benz, Germany's biggest industrial grouping which recently expanded its activities from motor manufacturing to aerospace.

The state-owned Kuwait Petroleum Corporation owns over 20 percent of another German industrial giant, the chemical concern Hoechst. This stake was acquired in 1982, at a time when the country was starting to build overseas investments of a different kind: a network of oil refineries and gas stations in Europe.

Kuwait Petroleum has spent substantial amounts to build a refining and retail presence in Europe, using its own Q8 logo. Its assets include three oil refineries and over 6,500 gas stations in most countries of Western Europe.

It is ironic that such careful planning in Kuwait's overseas investments should be met with the wholesale destruction of its assets at home. This raises the issue of whether foreign assets may have to be sold to pay for reconstruction, although the KIO insists that its hand will not be forced.

Kuwait has also said that it intends to borrow hefty amounts of US dollars on the international markets to help pay for the damage. There will be no shortage of lenders since the country's massive oil reserves make it a highly bankable proposition.

Yet the KIO may never be quite the same. The strains that have surfaced among the Kuwaiti community following debate over the pace of political reform are equally apparent among KIO staff. Several senior executives resigned in December over differences about control and policy, although some have since rejoined.

KIO is also in the unusual position of having no automatic increase in funds each year, now that oil revenues have dried up. This means that the KIO will have to work quite a bit harder to make the most from its existing assets.♦

Nigel Adam is a freelance business journalist and former editor of the London-based monthly *Business*.

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FACTS ABOUT ISRAEL

At left: Israeli technology and industry can be peacemakers.

Regional trade ties can overcome political logjams

Only token inter-Arab trade now in the Middle East

By Joel Bainerman
in Jerusalem, Israel

POLITICS DON'T guarantee peace agreements, solid economic ties do. Enhanced US diplomatic activity won't bring about a resolution to the Middle East conflict because a lack of diplomatic activity is not the primary cause of the problem, nor is the absence of a Palestinian state.

Probably the only way to bring peace and stability to the Middle East and to get rid of current and future dictators is to enable capitalism to gain a foothold in the region. Democracy will be the obvious by-product. Once economic self-interest is firmly established, democratic systems of government will surely follow. Japan, South Korea and Taiwan are just three examples of countries that could have easily become (or remained) dictatorships had it not been for their consistently rising levels of prosperity.

Capitalism in the Middle East might emerge when Arab nations begin fostering bilateral trade ties with each other; when no ties exist, it's a lot easier to vilify your neighborhood. It's no coincidence that the US and Canada boast the highest level of trade of any two bordering countries while at the same time they enjoy warm political relations.

Currently, only 5 percent of all Arab trade is intra-Arab trade. The obvious reason is that Arab nations have not developed their industrial infrastructure. But even when certain products are available, importers choose a European or other supplier. Such is the case with West Bank Palestinian products. Neighboring Arab traders often base decisions for purchasing Palestinian goods on politics; for example, whether there is a current dispute with the Palestine Liberation Organization or fear that West Bank products contain Israeli components.

Overall, however, it is the lack of close political ties between Middle Eastern countries which keeps intra-Arab trade to a minimum. Unless these nations begin to create stronger economic ties, their rulers have nothing to lose by declaring war on each other.

Economic ties need to precede peace treaties. One way for this to happen is for the US to initiate the establishment of an EEC-type organization linking Israel, Egypt, Jordan, Saudi Arabia, the Gulf states, Turkey, Morocco and Cyprus into a partnership based on trade and technological cooperation. Once Israeli agro-technology finds its way to Saudi Arabia, the Middle East will take on an entirely new political face.

The skewed distribution of wealth is one of the region's major economic problems. For instance, 2.1 million Kuwaitis share nearly US$30 billion, while Egypt's 55 million inhabitants split less than $35 billion. GNP per capita in Kuwait is $13,680, but in Egypt only $650.

Another ingredient needed for democracy to work is for citizens of the Middle East to be given equal opportunity to amass wealth. The bribes to officials for import licenses and the royal families' involvement in nearly all business deals must end.

Economics influences other trouble spots in the area. For instance, what will happen in Syria if President Hafez al-Assad is one day overthrown? How will the Syrians build a stable political environment if their economy doesn't prosper beyond the current $1,670 per capita GNP? Would Egyptian President Hosni Mubarak have been able to maintain control over his country if Egypt's foreign debt of $50 billion hadn't recently been cut by one-third as US payment for participation in Operation Desert Storm?

An even larger question mark hangs over Jordan whose economy is more than $8 billion in debt (more than 100 percent of GNP) and heavily reliant upon a mixture of foreign aid and remittances from workers in other countries. The Gulf War is estimated to have cost Jordan more than $500 million in revenues from its tourist industry and caused a steep decline in exports. Additionally,

Joel Bainerman is a freelance journalist who frequently writes on topics regarding the Middle East and its economy.

more than 200,000 Jordanians lost their jobs in the Gulf, worth another $300 million to the national economy. Unemployment in the kingdom now runs as high as 30 percent.

More important to the future stability of the region, if Jordan's economy continues to falter, could an *intifada* occur, installing a Palestinian leader in power? If so, what would that mean for the Palestinians on the West Bank and Gaza and their conflict with Israel?

Despite all that has been said and written about the Palestinian-Israeli conflict, neither the problem nor the solution can be comprehended without considering economic factors. Any peace agreement will last only so long as the Palestinian economy prospers and socioeconomic development has had a chance to cement the fragile strands of political stability.

Even if the status quo continues or if the emergence of an independent Palestinian state remains a long way off, Israel can do much to improve relations with residents of the territories by removing the heavy hand of government that blocks economic opportunity.

Daniel Doron, director of the Israel Center for Social and Economic Progress, a nonpartisan think tank based in Tel Aviv, believes Israel should continue dismantling the walls between the two communities, a process that began with the Israeli "shopping invasion" of East Jerusalem in 1967, the opening of bridges to Jordan and the employment of West Bank and Gaza Arabs in Israel.

"Commercial activity is the only sphere where Jews and Arabs have learned to interact—not in the artificial and rarefied atmosphere of conferences and seminars, but in daily life and in a framework that, despite all its problems, is mutually beneficial," says Doron.

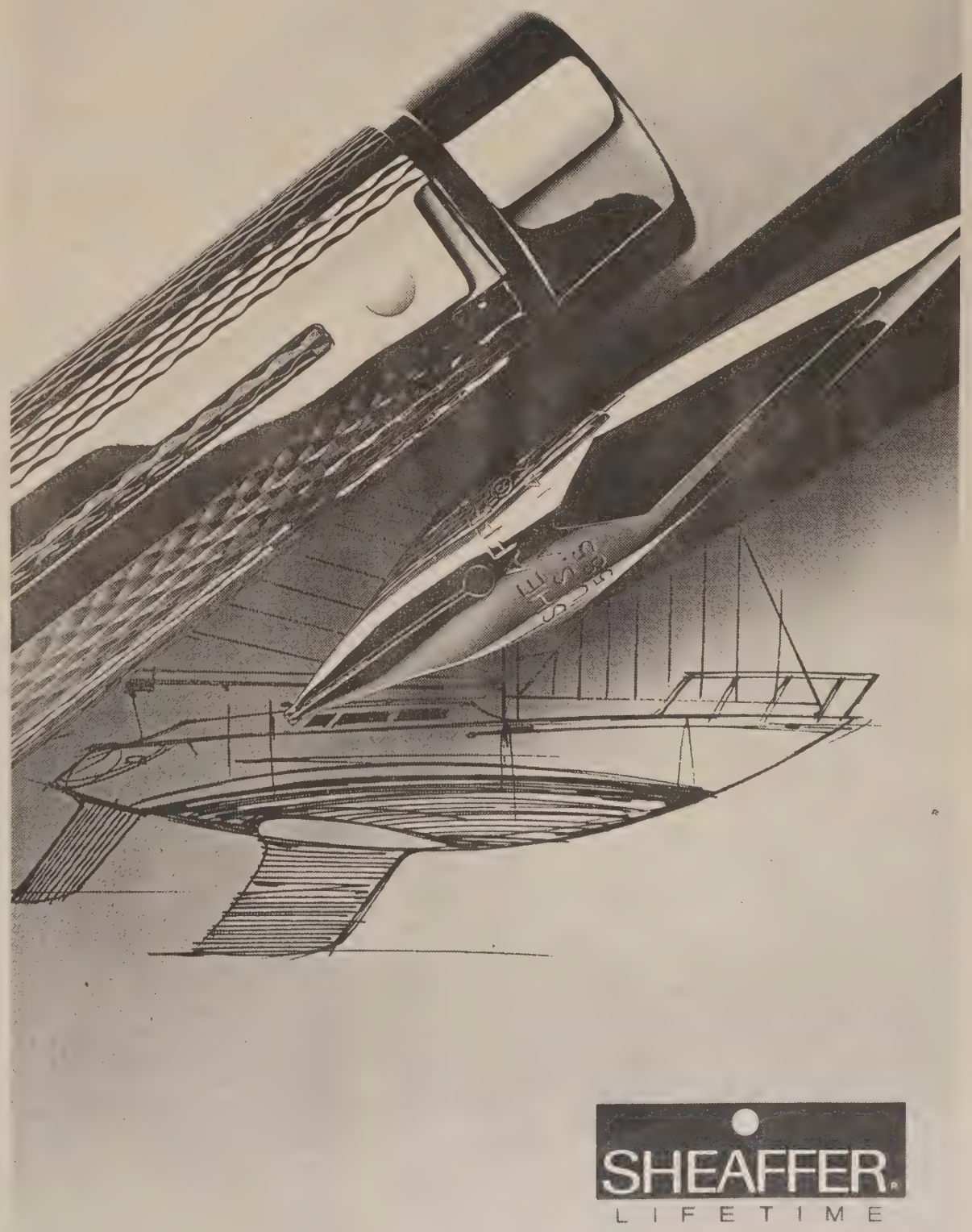
Economist George Abed, the executive director of the Geneva-based Palestine Welfare Association, estimates (calculated before the Gulf War) that for a Palestinian state to be viable, $25 billion would need to be pumped into it over a 10-year period. As in Israel, tourism could be a major contributor to GNP of any future Palestinian economy, with many of the tourists coming from the Arab world.

Although the *intifada* has made it almost impossible for Palestinians and Israelis to discuss economic options, one point is clear to all: the Palestinians' economic problems must be solved before, or at least alongside, their political problems.

Economic ties cement existing political relationships. Thirteen years ago, Israel and Egypt signed the first Israeli-Arab peace treaty. In those early years, many Israeli businessmen and industrialists visited Egypt and saw great potential in doing business there. The enthusiasm climaxed in 1981 when 60 Israeli firms participated in an international exhibition in Cairo, most of them in the agricultural field.

Yet a decade later, bilateral trade between the two countries has barely increased. In 1990, if Egyptian oil exports which amount to more than $150 million are excluded, total trade is a paltry $10 million as Egypt acquires only 0.05 percent of all Israeli exports. Thus the cold peace.

Economics plays a key role in most of the region's hot spots, yet this component of the problem is rarely considered. Diplomats, columnists, politicians and potential peacemakers need to look at these crucial economic issues. Without a greater understanding of how economic impasses and obstacles contribute to the Middle East conflict, the future is left to worn-out myths and neatly put propaganda.♦



The bank that Abidi built: Success and controversy

'Cheeky upstart' takes on Western banking

By Mushahid Hussain
in Islamabad, Pakistan

IT HAS ALL the ingredients of a best seller: a financial wizard who builds a banking empire from scratch, knit together by the sheer brilliance of its founder with threads of occasional financial wheeling-dealing, links to Third World autocrats, Arab riches and Pakistani talent.

The result, predictably, was extraordinary: US$20 billion in assets, over 350 branches in 70 countries and the world's seventh largest private bank. The bank's name, in the eyes of the Western financial world which treated it as a "cheeky upstart," is today literally a four-letter word, BCCI (Bank of Credit and Commerce International).

When Agha Hasan Abidi, a Shiite Indian immigrant who settled in Pakistan after the 1947 division of the South Asian subcontinent, decided to launch BCCI, he was helped by a combination of events prevailing in the region. After the 1971 war between India and Pakistan, and the resulting independence of East Pakistan (renamed Bangladesh), Pakistan turned to the West—toward the Middle East—for economic succor and political support.

Erected on a tripod of Abidi's drive, Pakistani ideals and Arab money, BCCI relied on the support and influence of people like the president of the United Arab Emirates and ruler of Abu Dhabi, Sheik Zayed bin Sultan al Nahayan (whom Abidi met through their mutual love of falconing) and Dr. Ghaith Pharaon, a Saudi billionaire with close connections to the House of Saud.

BCCI became a banking juggernaut by expanding its services to a diverse clientele, from the select among the Muslim nouveau riche to general customers, drawn by the bank's personalized service and efficiency. But Abidi was not a typical big-time banker with a "have money, will travel" approach.

His initiative came from his world view, which he was keen to peddle via BCCI. The view combines spiritual zeal from his Islamic background, business acumen from experience in the banking world, and concern for humanity, which lent the BCCI a Third Worldist thrust.

In large measure, however, BCCI suffered from problems peculiar to a "Third World style" of doing business. Abidi the man invariably stood taller than BCCI the institution. Abidi personally controlled BCCI, disbursing largess at his whim, rewarding retired bureaucrats with cushy jobs that provided them fat salaries.

BCCI branches dotting the globe were often staffed largely by relatives of leading Pakistani and Third World officials; the criterion for their appointment was often not competence but connections. Sprinting ahead of rivals in the Western banking world, Abidi earned the wrath of many influential and envious rivals.

By 1988, Abidi was confined to freelance status in the banking world with neither solid support from an important government nor backing from a base in one major country. His vulnerability was increased by frail personal health, which culminated in a heart transplant.

Two other factors also contributed to the 1988 fall of Abidi's BCCI. In February 1988, Panama's strongman, General Manuel Noriega, who had earned the ire of US authorities, was indicted by a grand jury in Tampa, Florida, on charges of drug trafficking and money laundering. Noriega's bankers in Panama: BCCI.

US publications have been quick to accuse BCCI of many shady deals. An April 1991 issue of *Time* magazine featured an article on BCCI under the headline "Masters of Deceit," which told of "a pattern of unprecedented global financial duplicity."

In the meantime, these crises compounded with Abidi's failing health (he suffered a stroke following his heart transplant) were too much for him to handle and in 1990 he parted company with BCCI, whose ownership and control was passed on to one of its original shareholders, Sheik Zayed, who reportedly paid $500 million for this acquisition.

Abidi's vibrancy and never-say-die approach are best reflected in recent reports of his plans to set up an investment bank capitalizing on Pakistan's new political environment which is more conducive to economic growth, generated by the government's policies of privatization and deregulation.♦



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Agha Hasan Abidi: a combination of spiritual zeal and business acumen.

Mushahid Hussain is a freelance journalist based in Islamabad.

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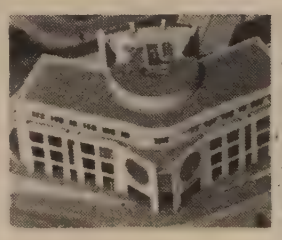
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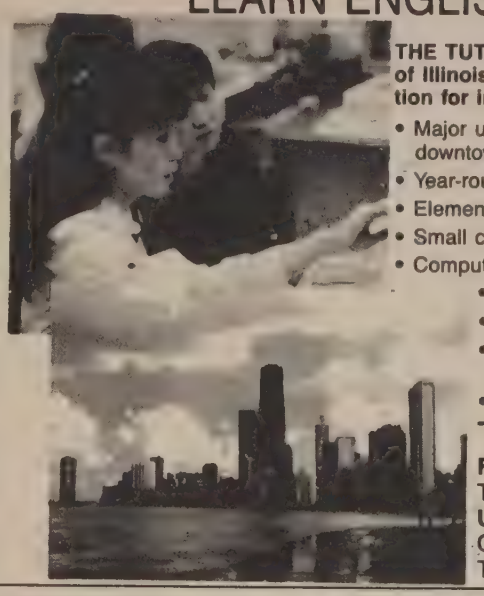
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The real Gulf War: Operation dollar storm

BY CROCKER SNOW, JR.

In all the proud and prejudiced post-mortems of the Gulf War, with all the incantations about its ultra high-tech nature, two noteworthy dynamics characterized the restless international kibitzers who were arrayed around and beyond the battlefield.

These were the respective dynamics of dollars and dirty laundry that were part of the international background beat to the central rhythm at hand.

As so often happens in history, this war was fought for economic as much as political reasons. Yet beyond the precious Kuwaiti oil fields and their impact on world oil prices, the conflict had an overarching global money dimension in which funding was solicited, negotiated, calculated, spent and squandered in ways worthy of "the mother of all battles" that, of course, never came. And while the well-funded combat was being waged in the Gulf, some of the major noncombatant big boys on the world stage stole the moment to try to wash, or at least tumble dry, the worst of their own dirty laundry. Each approach was costly.

The dollar dimension of the war was visible at every turn. Saddam Hussein, in the first instance, invaded Kuwait out of irritation at the Emir for undercutting OPEC oil prices and as a way to relieve his own US$70 billion-plus debt burden built up during his fruitless eight-year war with Iran.

If the coin of the threatened Kuwaiti realm was petroleum, the coin of the coalition that sprang up in its defense was cash. Recall the central role of Britain's Chancellor of the Exchequer Norman Lamont before the full UK commitment was proffered. Consider the readiness of the oil-rich nations of the Gulf emirates and Saudi Arabia to fatten the wallets and thus strengthen the resolve of the then-deploying American military force.

For Tokyo, the fiscal and monetary challenge of the war was especially acute. From August to December, the Japanese waved their "peace constitution" aloft, hurrahed the coalition and provided only nominal financial assistance to the campaign that would help secure the Middle Eastern oil on which they so much depend. It was only on the very eve of the war's end in late February that the Lower House of the Japanese Diet approved Prime Minister Kaifu's pledge of $9 billion to add to the funds previously pledged to the coalition.

Ultimately, the allies pledged a total of $53.9 billion to the war effort in what amounted to a jumbo syndicated bank financing to reverse the unfriendly takeover. There remains a most curious balance of payments twist to this for the lead bank.

Certain things didn't change. The war revolved around the importance of funds as much as force.

Whatever the ultimate figure collected by the US against its own exaggerated military costs, this total will, as collected, become a direct credit against America's current, debilitating $95 billion foreign exchange deficit on the current account.

The destruction of Kuwait, however, has American and other construction firms lining up for lucrative Kuwaiti contracts.

Out of gratitude alone, US firms stand to benefit the most. In the first days after the war, American companies won 70 percent of the 200 contracts let by the restored government of Kuwait for providing basic services and repairing damaged oil wells, pipelines and refineries.

In a few forceful capitals far from the battlefield, the internal affairs ministries were catalyzed by the war clouds too. Specifically, in Moscow and Beijing, the guardians of the two threatened communist nations tried to buttress their failing political facades under cover of the war.

Faced with persistent independence movements in the Baltic states and elsewhere, Mikhail Gorbachev grudgingly unleashed elements of the Soviet army to quell the troubles in Lithuania with force of arms rather than political persuasion. But the ploy didn't work anywhere near as well as it did in 1956 when Soviet tanks moved into Budapest to quell the Hungarian uprising under cover of the simultaneous Suez Crisis that had captured the attention of the Western world.

This time around, Washington and Brussels looked up from the war dispatches and distractions long enough to threaten withdrawing some precious political and economic support that Gorbachev sorely needs to survive. Moscow blinked, the Lithuanian patriots didn't buckle and the standoff for Baltic independence continues for a future day.

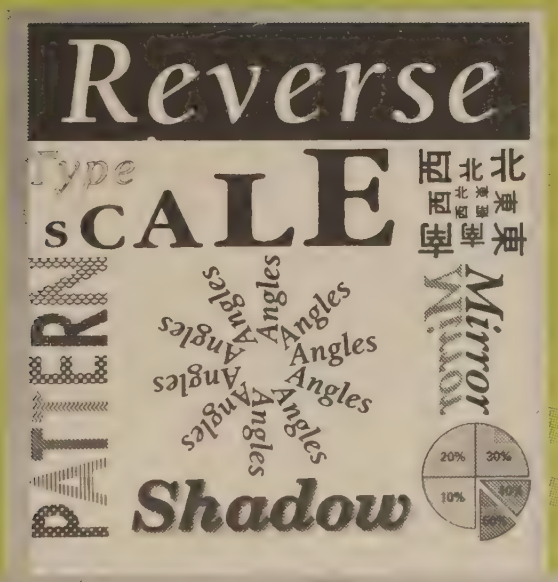
China's dirty linen laundry washing did a more effective job. Twenty months after the violence and bloodshed at Tiananmen Square, some of the last student offenders were brought to trial and sentencing.

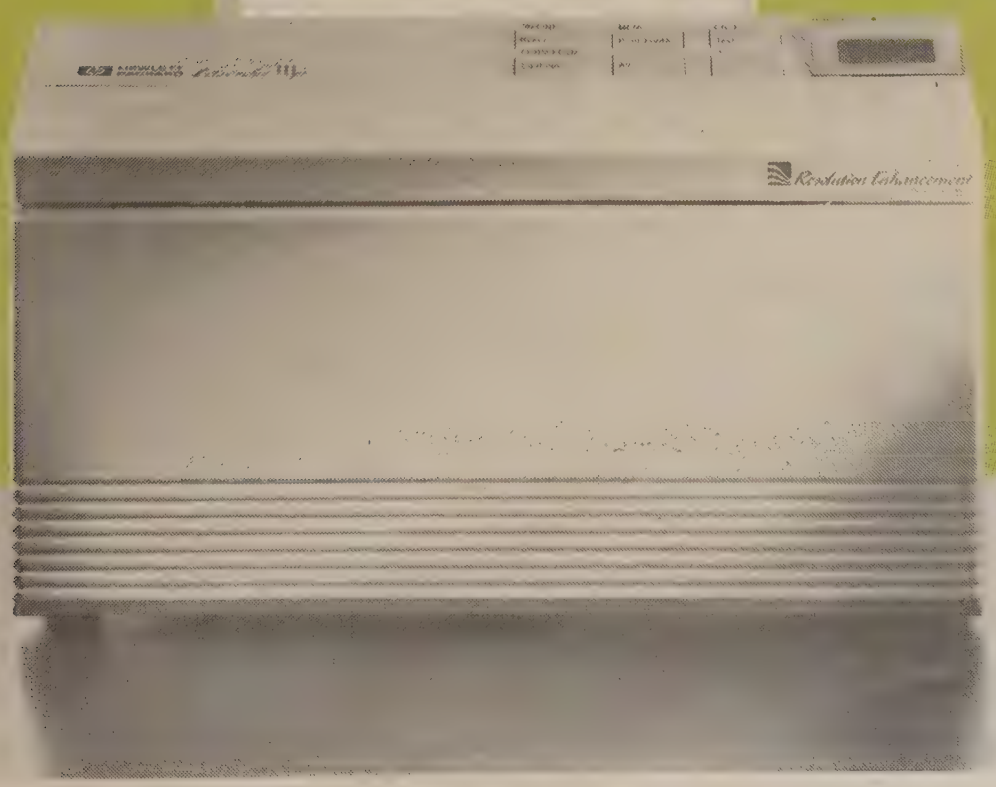
It was no star-chamber proceeding. More than 60 of those held were released without trial. Three of those tried and found guilty were released without sentence. Five of the most prominent pro-democracy agitator were sentenced from four to seven years in prison for their unrepentant attitudes.

During this extended morning-after from the Gulf War, we are being conditioned to believe that this was an "all new" kind of war with weaponry like cruise, Scud and Patriot missiles, an all new lexicon involving "sorties," "collateral damage" and "anecdotal evidence," and yes, even the fresh prospect of a postwar new world order.

But certain things didn't change. The war revolved around the importance of funds as much as force. And under its cover some major noncombatants tried to finesse some unpleasant, unpopular and unnoticed tasks. In this sense, at least, it was all too historically familiar.♦

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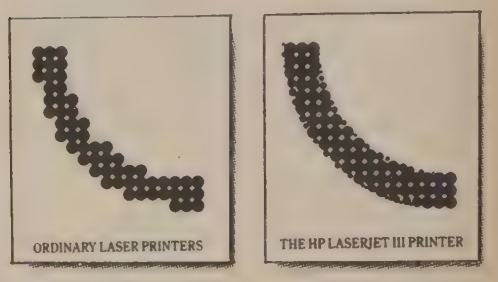




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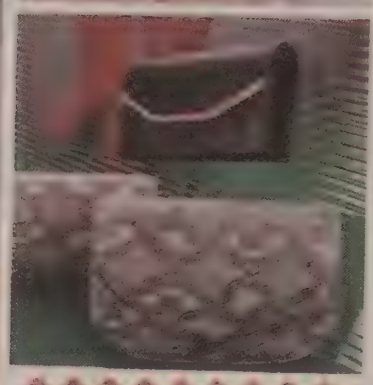


















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Swarup Sampat the telestar, has popularised Surya fluorescent tubes that 'light up at a low voltage' so well but the Delhi-based company that makes them has largely remained unnoticed. The Rs.115-crore company even changed its name from Prakash Tubes Ltd to Surya Roshni Ltd last year to exploit its brand's fame. But Basudev D. Aggarwal, the chairman and managing director, still prefers to maintain a low profile. Aggarwal believes that working quietly gives one the advantage of springing surprises in an industry and also keeps the company away from undue pressure tactics.

Aggarwal, who hails from Hissar, started his career with Jindals' first small-scale venture in 1952 in Calcutta and was co-founder of Jindal Tubes Ltd in 1960. In 1970, he quit directorial responsibilities with the Jindal group as according to him, the boardroom began teeming with the younger Jindals. Says Aggarwal, "I had to start afresh for a place in the sun for myself."



B.D. Aggarwal: springing surprises

Father-and-son team

Jaiprakash Aggarwal, his son also quit his job with Jindal Industries Ltd to join him. The father-and-son team founded Prakash Tubes Ltd in 1971 at Bahadurgarh in Haryana with an initial investment of Rs.24 lakh. In 1985, they diversified into lighting as the steel tubes industry faced tough times with the onslaught of polyvinyl chloride (PVC) pipes.

Aggarwal claims that despite adversities in the steel tubes industry, he has not lost money in this operation. Even though the tube makers lost a great part of the government orders for underground water supplies to PVC, the demand from tubewells, construction and industrial sectors stayed with them. With only the tube operations going, it took Aggarwal 10 years from the start of production in 1974 to achieve a turnover of Rs.18 crore. However, the mid-eighties saw Aggarwal launching his lighting venture while at the same time modernising and expanding production of tubes.

The outcome of all these efforts shows clearly in the company's financial performance. Turnover increased to Rs.115 crore in 1990-91 with a post-tax profit of Rs.6.26 crore. The diversification into lighting in 1985 with technology from GEC (UK) added zip to the growth of the company. Since its inception, its turnover has grown at an average rate of 50 per cent annually.

While pressures on profitability in the steel tubes venture made Aggarwal think of diversification, his choice of the lighting industry for this purpose was on account of the government's grand plans for rural electrification in the Seventh Plan period. The government's projections of the demand for lighting items also invited massive expansion plans by established manufacturers like Philips, Sylvania Laxman, Bajaj Electricals, etc. Consequently, between 1984 and 1987, the industry's capacity increased from 32 million to 85 million fluorescent tubes. But unfortunately for them, the government's projections proved to be rather optimistic.

The three consecutive droughts between 1987-89 did not help matters either. Also, competition from the small sector in ordinary bulbs became tougher as the production and marketing costs increased for the organised sector. Thus the industry had to face rather indifferent times with most of the companies' bottomlines struggling to stay above the red.

In these circumstances, Aggarwal not only managed to avoid losses but even grew at a rapid pace. Within six years of operation, Surya Roshni's Kashipur unit emerged as the single large producer of fluorescent tubes in the country. Though Philips remains the largest selling brand with three of its units producing tubes, still in terms of market share, Philips' lead over Surya is only three per cent (18 per cent against 15 per cent). In ordinary bulbs (range 25-200 watts), Surya Roshni however, lags far behind Philips, the market leader in this segment too. While Philips enjoys 27 per cent of the market, Surya bulbs has so far managed only 7 per cent.

Price sensitive

According to G.B. Bansal, executive director, the reason the company has not been doing so well in the bulbs segment is that this is essentially a price sensitive market with emphasis not on quality. According to him, though 2700 million bulbs were produced by the organised sector last year, the small-scale sector produced and sold almost the same number. For this reason, Surya Roshni has maintained a low (by industry standards) capacity for bulbs and focused only on tubes.

Bansal claims that it's the technology that has given Surya the edge in this market. The water-based coating process gives tubes a uniform fluorescent coating and a greater output. Also, the image that is be-



G.P. Bansal: superior technology creates an edge

ing projected is that their brand lights up at a voltage of 160 volts while most other tubes do so only at 180-200 volts.

Surya Roshni has also ventured into the area of lighting lamps. A beginning was made in manufacturing high pressure sodium vapour lamps last year. The area lighting lamps' market — consisting of high pressure sodium vapour and mercury vapour lamps — is currently dominated by the public-sector companies, HMT and Mysore Lamps. However, this segment has failed to live up to its promise so far. According to Bansal, the deterrent fact has been the higher cost of vapour lamps — seven times in comparison with traditional fluorescent street lights.



Re-rolling steel pipes at the Bahadurgarh plant

Cutting costs

The company has also gone in for backward integration to cut costs on two expensive imported inputs — fluorescent powder and filaments. This Rs.10-crore project is being implemented at Kashipur itself. Another unit is being planned at Malanpur in Madhya Pradesh for further expansion of capacities of ordinary bulbs and tubes. This is likely to come up by 1992.



J.P. Aggarwal: boom time

According to R.C. Saxena, general manager, marketing, Sylvania Laxman, Surya's performance has been creditable. "They have been able to give good quality products at reasonable prices due to efficient and latest machines and trouble-free industrial relations," he says, adding that Surya Roshni was lucky to enter the industry at a time when two major lamps producers were closed — Bengal Lamps and Mysore Lamps.

Last year, the lighting division performed extremely well and its turnover leaped from Rs.24 crore to Rs.38 crore thanks to the combined effect of a small boom in the market as well as inflation. According to Bansal, the boom came about partly by the cyclical nature of the market and partly by the benefits of rural electrification and a good agricultural year.

Interestingly, the usually staid steel tubes division also pulled off a dramatic performance last year. The division worked up an increase of about 60 per cent in turnover — from Rs.48 to Rs.76 crore. J.P. Aggarwal, the joint managing director in charge of the steel tubes division, attributes this stupendous increase to a combination of the geographical expansion of the products' distribution, aggressive advertising and marketing, coupled with improvement in the product mix. He claims that market penetration among pump and conveyor system makers also helped. J.P. Aggarwal agrees that at least 10-15 per cent of the improvement in the turnover figures is on account of inflation.

Till 1989, the company was making steel tubes of diameters only up to 8 inches. Last year, the range was increased to 14 inches. According to J.P. Aggarwal, the company has recently set up facilities for making 16 inch diameter tubes to cater to bulk orders.

The performance of the company is impressive considering the fact that in the steel tubes industry the overall capacity utilisation is as low as 35 per cent and the market growth has been a low 5-7 per cent a year. Says S.R. Aggarwal, sales manager, Ajanta Tubes Ltd, "Not prosperity but survival is the name of the game in this industry." He attributes Surya's success to the competitiveness of the company's products on quality and prices.

According to B.D. Aggarwal the company has benefited from shifting the emphasis from small diameter tubes to larger ones. He boasts of Surya enjoying a premium of 3 to 4 per cent in the market which is, however, scoffed at by S.R. Aggarwal of Ajanta Tubes.

Although the government's purchase departments are dominated by Ajanta and Jindal Pipes, B.D. Aggarwal has no regrets as most of Surya's steel tubes production is sold in the open market for tubewells and industrial purposes besides furniture and cycles. Over 80 per cent of the company's production is sold in the open market. Of the total market for steel tubes Surya has maintained a stable 4 per cent share.

B.D. Aggarwal is satisfied the way the market has responded to his product. Says he, "The good thing about the open market is that despite cut-throat competition if one can offer a better product one can realise a couple of extra rupees."

But Aggarwal is clear that he will not make major investments in this division any more. "Being an investment-intensive and a low profitability industry, I see no charm in sticking my neck out too much in this sphere," says he. Then what does he plan for the future? "Do whatever we can to improve the earnings in steel tubes division, consolidate lighting division further and think of diversifying into a promising industry which I've not identified yet," replied Aggarwal.

With two decades of independent enterprise behind him and a successful company under his belt, does he feel he has played his innings well? Aggarwal breaks into a chuckle as he answers, "I don't think my success is too much but I've done well enough to justify the confidence of shareholders and the institutions."

■ FEROZ AHMED

VITREOUS ENAMELLING

A fading sheen

At one time, it covered everything from industrial components to cheap mugs and plates. But consumer preferences have changed, and with it the fortunes of the vitreous enamelling industry. Thanks to the rise of plastics, stainless steel and powder coating, enamel has slowly gone out of fashion. The shrinking number of units in the business have had to adjust to life in the slow lane and many are battling for survival.

Essentially a protective coating for steel surfaces, the enamelling process involves an old technology which has been around for decades. An enamel finish looks exactly like paint. The basic component of enamel, however, is glass. The glass powder, or frit, is ground into a paste, which is then applied to the metal. The metal is then fired in a furnace at temperatures exceeding 850 degrees centigrade. The glass melts and bonds with the steel to form a durable coat.

Stuck since the fifties

For an industry which once had a wide range of applications, its size has been reduced to barely Rs. 20 or 25 crore on the outside. Says G.M. Aggarwal, managing director of the Calcutta based Ferro Coatings and Alloys, which is the main supplier of enamel colouring in the country, "The industry has shown hardly any growth since the fifties. Our growth has largely been due to inflation."

The handful of existing manufacturers are in the small scale with isolated units scattered all over the country. In West Bengal, the nerve centre of the industry during its heydays from the twenties to the fifities, the major units are barely limping along. Bengal Enamel, Sur Enamel, and Ogale's, pioneering companies which were once industry leaders, are now all sick units. Says S. Singh of the 75-year-old Pioneer Enamelling Works Pvt Ltd at Bombay, "Many units are closing down and hardly any are being started." Though most units were set up years ago, there has been little modernisation or upgradation of machinery.

The emergence of new substitutes is the chief factor behind the decline of the industry. These have made inroads into the traditional areas were enamelling once held sway. Stainless steel and plastics are the main culprits. In hospitalware and kitchen appljances, like cooking ranges, gas stoves and utensils, stainless steel has virtually pushed out enamelled steel from the market. The armed forces, at one time a major market for enamellers, has switched to aluminium and plastics for its regulation plates, mugs and hospital-ware.

Cheaper options like painting and powder coating have had a devastating impact. Powder coating, a sophisticated painting technique which ensures an even and long lasting-coat, is becomimg more popular for industrial components. Hoardings and sign boards, too, are now painted or powder coated, and rarely enamelled. "Customer tastes have changed. Enamel is no longer in fashion, despite the fact that it is almost indestructible," says Prabhu Parikh of the Bombay based Classic Enamel.

The change in customer tastes is not only due to the vagaries of fashion. With very high input costs, enamelling is an expensive technique, though it can last much longer, upto 40 years. This, in fact, has also added to the industry's woes. Because of its product's very longevity, repeat orders come only after years.

The main costs incurred by the enamellers are for mild steel, the main raw material, and for the energy inputs required to run the high temperature furnaces. For more than one colour, the firing has to be repeated, which only increases energy costs. "I need a tanker of oil every two weeks, which means I have to shell out Rs. 40,000 each time," says Singh. The rate of rejections is also very high, as almost 10 per cent of the steel cannot withstand the temperatures used. Adds Parikh, "The steel we buy is almost five times the price of what it is internationally."

Many of the units, therfore are taking on more jobworking orders for enamelling specific componenets. Steel, the raw material which eats up almost 50 per cent of the cost, is provided by the client, easing the pressures on margins considerably.

Faced with prohibitive costs and a shrinking customer base, the few diehards in the business are trying their best to find other areas to branch into. The small market that does exist is restricted to components such as the ovens of cooking ranges, flushing systems, in washing machines, and to government issue articles like shades for street lamps, and highway and road signs.

Singh, whose main product line comprises signboards for the government, is the only family member who is still interested in the business. "Thanks to the government's specifications which require enamel for signboards, there is enough business for me," he says. Nevertheless, he keeps trying to innovate. "One of my old customers demanded a fibreglass signboard—so I am experimenting with that now," he says.

Versatile and durable

Parikh, who took over the loss making Classic in the early eighties, has experimented with a variety of applications from roofing material, and hoardings for export to the Gulf, to enamelling on aluminium. While his major line of products is industrial reflectors, he has also come out with a range of cook-and-serve kitchenware. "This line has a lot of potential since enamel is both versatile and durable," he says.



Enamel ware: yet to become popular

Enamel kitchenware, though, is yet to become popular. Except for the Delhi based Elite, which manufactures under the brand name of Litware, enamel kitchenware is restricted to the lower end of the market.

But these are few stray efforts. Agarwal, in fact, feels that the once-flourishing industry is on its last legs. "It is almost dying out," he says. Unless enamellers can find alternative markets and beat the cost problem, vitreous enamel may soon be another casualty of changing technology.

■ SUDESHNA SEN with MADHUMITA BOSE

COATS-TOOTAL COMBINE

All sewn up

In the early hours of 17 May, Sir David Alliance, chairman of Coats-Viyella, emerged exhausted but victorious from a night-long round of negotiations with Tootal, a rival textile group. The announcement that Coats had acquired a controlling stake in Tootal marked the end of a long-drawn-out takeover tussle between the textile giants.

With this merger, the Coats-Tootal combine has become the world's biggest manufacturer of sewing thread. It has a combined turnover of approximately £2,400 million and pre-tax profits for 1991 are estimated at £115 million.

The run-up to the merger is an interesting tale in itself. It began in 1985 when Australian industrialist Abraham Goldberg made a futile bid for Tootal. Then, in 1988, Coats began its first round of friendly talks with Tootal. By March of 1989, the two had agreed on a price of £395 million. This deal came apart when the share price of Tootal fell and the Monopolies and Mergers Commission of the UK said nay.

By this time, however, Goldberg had quietly managed to build up a 25-per-cent stake in Tootal. Michael Sandberg, former chairman of Hongkong Bank, had suggested then that Goldberg and Tootal should reach an understanding. This too, however, did not come through. Coats got into the act once again this year when it made a public offer for Tootal. It was generous enough to attract Tootal shareholders: 23 Coats shares and £51.02 in cash for every 100 Tootal shares.

Alliance's agenda

In a video-taped message to the employees of the newly formed monolith, a visibly jubilant Alliance said, "It's a challenge to make this merger work. It will create tremendous opportunities for all of us." Alliance wants to streamline the manufacturing operations; for starters, he wants to integrate the thread manufacturing plants and review Tootal's non-thread business. But, citing Coats' difficulties during its merger with Paton five years ago, experts say the integration with Tootal too won't be easy.

Fears have also been expressed that having added to its might, Coats will now begin to dictate its own terms and prices. To counter such anxieties, Coats has decided that it will continue to maintain a separate identity from Tootal in some markets.

What does this merger signify for Coats' Indian associate, Madura Coats Ltd, in which it has a 40-per-cent stake? According to W.T. Drummond, Madura's chairman, the Indian company's exports of threads, fabrics and garments should receive a boost within a year or two. Neville Bain, the newly named chief executive officer of Coats-Viyella Plc, says, "Madura



Alliance: "tremendous opportunities"

Coats will have an important place in our future plans. India is an important source of our worldwide fabrics and thread production and the quality is of the highest international standards." Madura's current exports of Rs.64 crore represent about 17 per cent of the turnover. With the merger, Drummond reckons that could go up to 30 per cent.

Sourcing point

Readymade shirts is one area where India could be a sourcing point for Coats. Towards this end, the company has tied up with three garment units in Bangalore. Two more will be added later this year. (Incidentally, Drummond is proceeding to the UK this month to take up a new assignment: to head Coats' international menswear division.)

Satish Kumar Modi, chairman of Modi Threads, Madura's rival in the Indian market is certain that the company's exports will be strenghthened, particularly to the Far East where Tootal has its manufacturing facilities. R. Jayaram, chief executive of the Ludhiana-based Vardhaman Threads, says that Coats will now be "a virtual monopolistic force in the international thread market."

■ DEVAPRASAD PUROKAYASTHA

IBM

Drastic measures

For the second successive quarter, IBM has reported a drop in earnings, this time 50 per cent below the corresponding period last year. A recession and intense competition have taken their toll, forcing IBM to opt for some pretty drastic measures.

The main reasons for the downturn were thinner margins and high overhead costs. Margins were squeezed as the industry moved towards standardised products. As a result of this, there has been a price war in the PC segment. In a bid to shore up sales, IBM cut prices thrice during the year. This, however, did not help as consumers only postponed their buying decisions in anticipation of further cuts.

High staff costs

All this has been exacerbated by the high cost of maintaining a staff of 373,000. Even five years of early retirment schemes and other programmes, which did cut the staff by 47,000 workers, does not seem to have helped. Recently, the company revealed that it plans to pare another 14,000 workers. And industry analysts believe another 25,000 could go within the next two years.

As part of its restructuring a year ago, the computer giant got rid of product lines like typewriters and keyboards, which are unrelated to its core business. It also sold off its interests in chip manufacturer Intel. But recently IBM did an about-turn when it acquired a stake in the loss-making Wang Computers which manufactures word processing systems. In India, Wang is represented by Digitron which will now act as an additional channel for IBM.

Big Blue is not the only company that is in a bad way. Compaq Computers, the largest supplier of IBM clones, reported that second quarter profits will drop by 80 per cent. Apple plans to lay off 10 per cent of its workforce, as does Digital, which plans to cut another 4,000 manufacturing jobs this year.

As a reflection of this, technology stocks on Wall Street, the mainstay of investors, are taking a beating. Probably the only ones who have anything to be happy about are the consumers: they can now look forward to buying computers at bargain prices.

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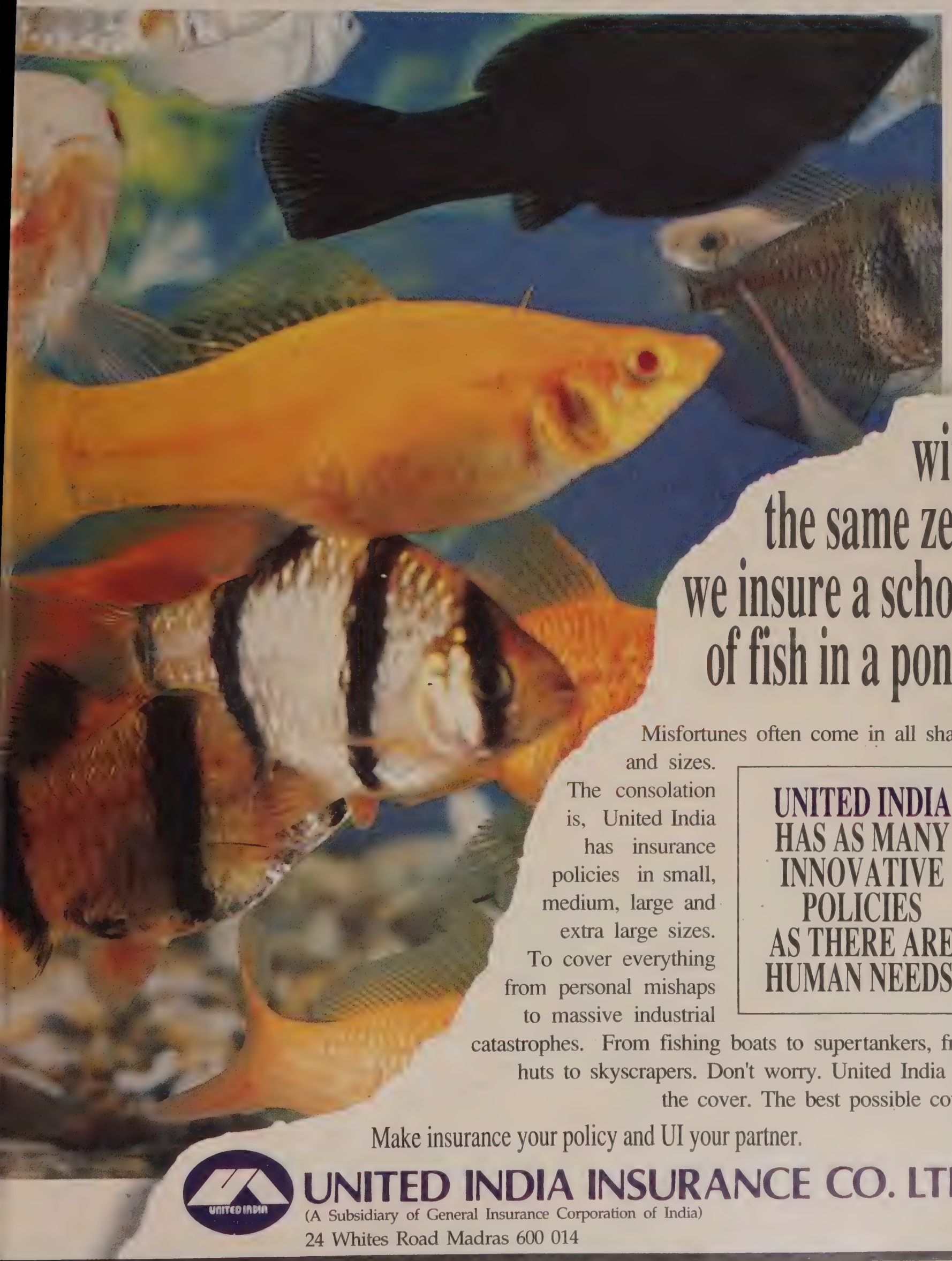
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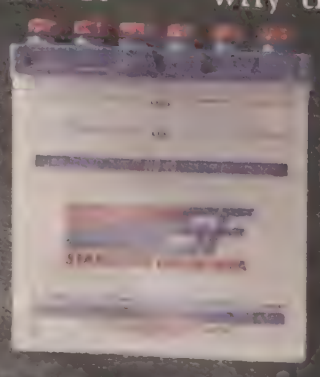
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US RATING AGENCIES

Packing a powerful punch

When Lee Iacocca came to New York to visit Standard and Poor's, he did so knowing full well that one miscue on his part could send Chrysler's debt rating skidding overnight from investment grade to non-investment grade. For Chrysler, such a downgrading would mean additional interest expense amounting to several million dollars, a burden it could ill afford.

Such is the power and influence of the two biggest credit-rating agencies in the US — Standard and Poor's and Moody's. They speak softly but carry big sticks. Their analysis, expressed in a cryptic alphanumeric code, can cause serious repercussions in debt markets around the world.

The Poor's Manual, first introduced in the late nineteenth century, was an antidote to the misleading projections being provided by the robber barons trying to finance the railroad industry. John Moody, the street's original 'quant jock' was the first to use sophisticated computations to study debt. His first book, *Moody's Manual of Industrial Securities*, was a flop but the concept of rating securities became permanent. The rest, as they say, is history. Moody's was purchased by Dunn and Bradstreet in 1962 while S&P was snapped up by McGraw-Hill a few years later.

Critical role

Today, S&P has some 500 analysts worldwide. While most analysts are US-based, the agency has grown rapidly in Europe too. With the leveraging binge that occurred in the US in the eighties, rating agencies have become increasingly influential. With the growth of the European capital markets, the need for Eurobond ratings has magnified. Furthermore, with nations relying more heavily on public debt, rating agencies are playing an important role analysing country credit risk.

Shortly after the assassination of Rajiv Gandhi, *The Wall Street Journal* of 31 May reported that S&P had lowered the implied ratings on India's foreign debt, both long-term and short-term. S&P's reasoning was that with the postponed elections, the government would take longer to reverse the nation's liquidity.

The importance of debt ratings cannot be understated. Ratings are critically important for two reasons. First, with interest expense having become a larger component of the cost of conducting business, for both corporates and governments, a one notch change in rating can mean either millions in dollars being consumed by interest expense or flowing straight to the bottomline. Secondly, some institutional investors, forbidden by law to invest in non-investment grade securities, need a disinterested authority to evaluate credit.

Despite their analysis, missteps have occurred. Some credit-watchers have suggested it is due to complacency, while others have suggested arrogance. Either way, there have been some memorable slip-ups. Integrated Resources, a large property syndicator, was rated investment grade by S&P only weeks before it filed for bankruptcy and was eventually liquidated. Another serious slip-up was S&P's and Moody's failure to spot the declining creditworthiness of the state of Massachusetts. With most of the outside world watching for more than two years its steady decline, both agencies continued to stand by their favourable ratings. Today Massachusetts bonds are the lowest rated municipal bonds in the US. This particular debacle caused *The Wall Street Journal* to suggest that "the agencies slept while the finances of Massachusetts crumbled". The credit-watchers, it said, "sustained a fundamental conceit: that they are smarter than the market place".

Embarrassing slip-up

Perhaps the most embarrassing slip-up surrounded the RJR rating process. Shortly after both incidents, with both agencies on the defensive, came the bond offering for RJR. The company, trying to complete its financing for the $25 billion buyout, was looking to raise convertible and zero coupon debt as the first in a series of offerings. Moody's questioned RJR's ability to meet its interest burden on a cash basis. Investors panicked. Overnight the junk market lost about 20 per cent of its value. RJR's bond offering had to be delayed, putting the completion of the LBO in doubt. It quickly became apparent that Moody's, rather than looking at RJR on its own merits, was reacting defensively to its earlier fiascos.

Today, less than two years later, RJR is almost an investment grade company and showed its first quarterly profit, despite its massive interest burden. This prompted the treasurer of a multinational to remark that "they certainly perform an important evaluative role, but for people who don't know your business from the inside they may have too much power over its fate".

While several mistakes have been made along the way, there is no denying the important role credit agencies play. India's approach to the ratings concept should be two-pronged: locally and internationally. Although the debt markets in India are in their relative infancy, local rating agencies such as CRISIL can accelerate the growth process. Innovative products, longer maturity instruments and cheaper funding for some issuers are a natural fallout of solid credit analysis. Perhaps, more important for India is the international aspect.

Expensive debt

If the international debt markets are to reopen for India, two things need to be addressed. One, and it goes without saying, better economic management is a prerequisite. Secondly, India needs to continuously nurture the ratings and investment community. Without their support, debt if available, will become increasingly more expensive. Nurturing is best done by keeping them abreast of economic developments, constantly appraising them of the game plan going forward and keeping them well informed with accurate information. Credible information is the key. And now, especially with India headed towards the precipice, the importance of these issues has magnified dramatically.



■ TARUN KATARIA

The author is a merchant banker with Chase Manhattan in New York

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Bhadrachalam Paperboards

Slight drop in capacity utilisation more than offset by better sales realisations; profit margins look up; EPS crosses face value; dividend hiked two points

Three price hikes were effected by paper manufacturers in 1990 to make up for the increase in input costs. This company, under the ITC fold, has been no exception either. Their scrip soared past the 1990 high of Rs.153.75 in May this year to touch Rs.170 anticipating a good performance. It now quotes at Rs.152.50 discounting latest earnings 10.4 times.

While capacity utilisation went down by four points (due to a strike in June 1990), average price realisation went up by around Rs.2,331 per tonne. Return on net worth jumped by 10 points to 33 per cent. With a decline in the average inventory holding period by around four days, the inventory turnover was quicker. At the operating level, the company earned margins of 24.5 per cent while gross profit margins went up by nearly four points to 16.3 per cent. At the net level, the company earned Rs.14.65 (Rs.7.67) per share of Rs.10 and will distribute Rs.3.75 (Rs.3.25) per share as dividend. Payout eased considerably to 25.6 per cent (42.3 per cent) in line with a better bottomline.

Bhadrachalam Paperboards *(Rs crore)*

Year ended	31 Mar '91	31 Mar '90	% change
Sales	135.87	122.97	10
Other income	2.70	0.97	178
Raw material costs	52.27	47.61	10
Operating profit	33.27	26.14	27
Interest	11.15	10.92	2
Gross profit	22.12	15.22	45
Depreciation	6.51	5.87	11
Tax	0.13	1.24	-90
Net profit	15.48	8.11	91
Equity capital	10.57*	10.57	
Reserves & surplus	35.92	24.44	
Gross block	106.48	87.72	
Investments	29.95	0.42	
Dividend (%)	37.5	32.5	
Market price (Rs):			
Current	152.50		
1990: High	153.75		
Low	72.50		

** Equity capital presently stands at Rs.14.34 crore due to conversion of debentures*

A substantial capital expenditure programme, estimated at Rs.54.09 crore is under way. This will include modernisation, technology upgradation, energy conservation and widening of the premium segment of the product range. A rights issue to part finance the above and to meet incremental margin money needs for the working capital, was floated in October last. This mopped up Rs.34.18 crore. While part of these proceeds have been utilised, the balance pending utilisation has been temporarily invested in units of UTI. The first conversion is already effective from 15 June 1991. Equity has thereby increased to Rs.14.34 crore while Rs.10.13 crore has been added to reserves.

While the present installed capacity of around 3 million tonnes within the paper industry is more than sufficient to take care of existing demand, the deterrent lies in raw material constraints hampering capacity utilisation. Also, the customs duty on waste paper and pulp, the primary raw material has doubled. The stipulation of margin money at 200 per cent of the value of imports and a 25 per cent higher rate of interest on borrowings for imports, will definitely strain profit margins in the current year. This is so as 36 per cent of raw material requirements are imported.

Timely execution of the capital expenditure programme — giving a thrust to value addition and quality upgradation — is what is required on the company's part to gain market share and a competitive edge. Meanwhile, the company plans for a caustic soda and a 200 MW thermal power plant. Both are meant for captive consumption and involve a cost outlay of around Rs.400 crore.

Kesoram Industries

Dividend up five points as profit soars by over sixfold; tyre project to go on stream in third quarter of 1991; plans further expansion of cement capacity; reduces net current assets to finance tyre project

Kesoram has stepped up dividend by five points to 15 per cent following encouraging results for the year ended 31 March 1991. Belonging to the B.K. Birla group, this company is well diversified in the areas of, among others, cement, textiles, paper, yarn and recently, tyre manufacture. Trial runs for the tyre plant have been completed this year and commercial production is expected to start during the third quarter of 1991.

The cement division accounts for about 50 per cent of Kesoram's total sales at Rs.297 crore. Profitability at this division improved considerably due to higher sales realisation at 18 per cent. Cement production at both plants was marginally higher by 2.3 per cent at 1.14 mt (1989-90, 1.12 mt). The working of the division would have been better if it were not for labour unrest for 11 days, power problems, non-availability of wagons and poor quality of coal. The company has received permission to expand its cement capacity by 500,000 mt. The expansion, however, will be considered after the tyre plant is commissioned.

Sales of the textiles division recorded a growth of over eightfold at Rs.31.14 crore (Rs.3.35 crore) on account of a higher sales volume. Working of the paper division was satisfactory with sales up by 12 per cent. Sales realisation per tonne of viscose filament yarn declined by 3 per cent but sales value improved by 29 per cent due to a higher sales volume (33 per cent). The 33 per cent increase in excise duty on rayon yarn in December 1990 and increase in import duty on rayon grade pulp from 5 to 30 per cent is likely to affect working of the yarn division during the current year.

Borrowing by the company during the year increased by about Rs.73 crore. This

Kesoram Industries *(Rs crore)*

Year ended	31 Mar '91	31 Mar '90	% change
Gross sales	297.03	217.50	37.6
Other income	4.55	8.70	-48
Cost of goods sold/ consumed	62.43	44.03	42
Manufacturing expenses	80.61	53.54	50
Employee costs	31.24	22.37	40
Other expenses	92.41	78.42	18
Interest	14.85	16.61	-10
Depreciation	10.95	9.73	12
Net profit	9.18	1.23	646
Equity capital	14.07	11.46	
Reserves & surplus	111.43	101.01	
Borrowings	263.92	191.04	
Net block	326.09	196.96	
Net current assets	62.92	31.15	
Market value	50.49	36.19	
Dividend (%)	15.00	10.00	
Market price (Rs):			
Current	92.00		
1990: High	135.00		
Low	44.00		

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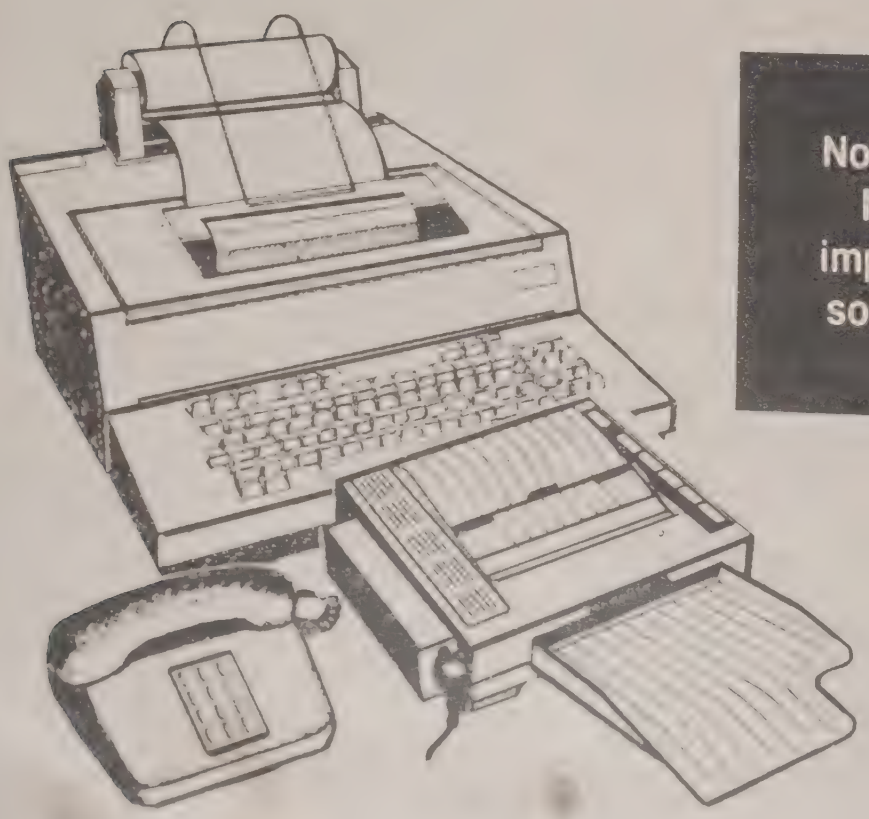
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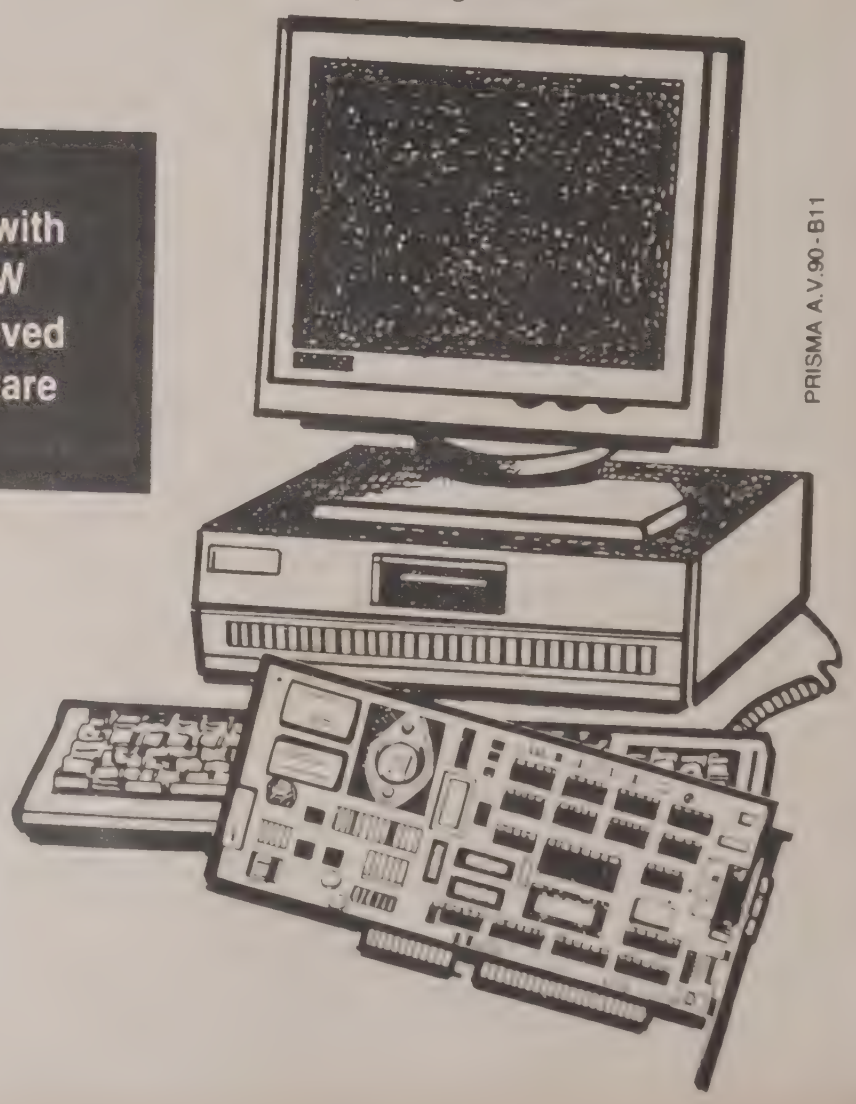
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as done to finance the tyre project hose cost has been revised upwards to s.265 crore due to implementation de-ys and the declining rupee value. Dur-ng the year under review, the company dded Rs.130 crore to its net block. To re-uce pressure on funds, net current as-ets were reduced by over Rs.40 crore — y bringing down loans and advances. he company has substantial net worth tacked away in its investments with a market value that has appreciated from Rs.36.19 crore to Rs.50.49 crore. The cost of these investments, in various blue chip Birla companies, is just Rs.3.67 crore.

On conversion of the debentures, equity capital expanded by Rs.2.61 crore to Rs.14.07 crore. EPS on the expanded equity base is higher at Rs.6.5 (Rs.1.1 dur-ing 1989-90). The last conversion of the debentures will be in July 1991 when equity will further expand by Rs.2.51 crore and Rs.8.54 crore will be added to the share premium account.

The scrip is steady at Rs.92 discounting its earnings by 14 times.

Siltap Chemicals

Scrip firms up on expectations of maiden dividend and due to low floating stock; plans expansion; turns corner during 1989-90 thanks to change in basis of closing stock valuation

Siltap Chemicals, promoted by Supreme Industries and the Taparia family to manufacture cross laminated films used for industrial packaging, has firmed up on the Bombay Stock Exchange after the announcement of its half yearly results. The scrip shot up from Rs.65 to Rs.125 in just three months on account of low floating stock and expectations of a maiden dividend.

For the six-month period ended 31 January 1991, the company has reported a small net profit of Rs.5 lakh against a loss of Rs.62 lakh in the six months ended 30 September 1989. Total income during the first six months of the current year rose by 60.8 per cent to Rs.3.20 crore against Rs.1.99 crore in the six months ended 30 September 1989. With higher capacity utilisation, the company is confident of wiping off the accumulated losses of Rs.2.24 crore during 1991-92.

However, rising input costs and financial charges should be a cause of concern for the company. Its main raw materials are LDPE and HDPE, whose prices have gone up substantially on account of the Gulf war. Raw materials cost as percentage of sales escalated from 50.6 per cent during the 16-month period ended on 31 July 1990 to 70.8 per cent during the six-month period ended 31 January 1991. Interest costs ate away about 25 per cent of total revenue due to a delay in implementing the project and foreign exchange fluctuations. This resulted in a 34 per cent increase in project cost to Rs.7.84 crore.

Siltap Chemicals *(Rs crore)*

Year ended	31 July '90*	31 Mar '89	% change** (annualised)
Net sales	8.49	1.49	327
Other income	0.35	0.04	556
Excise duty	1.25	0.22	326
Raw material costs	4.93	0.73	407
Employee costs	0.27	0.13	57
Other expenses	1.90	0.67	113
Interest	1.95	1.18	24
Depreciation	0.89	0.43	55
Net profit/(loss)	0.06	(1.53)	
Equity capital	1.80	1.80	
Reserves & surplus	0.25	0.25	
Borrowings	9.95	8.44	
Gross block	7.69	7.45	
Accumulated losses	2.24	2.30	
Market price (Rs):			
Current	125.00		
1990: High	150.00		
Low	50.00		

** 16 months ** annualised*

Earlier, the company had turned the corner during the 16-month period ended on 31 July 1990 thanks to inclusion of interest on term loans in the valuation of closing stock. This resulted in inventories higher by Rs.28 lakh and enabled the company to report a net profit of Rs.6 lakh against loss of Rs.1.53 crore during the year ended on 31 March 1989.

During 1989-90, its sales volume of cross laminated films increased by over threefold to 1,040 tonnes (annualised) as against 183 tonnes in 1988-89 with capacity utilisation improving from 15 to 58 per cent.

The company proposes to raise its borrowing powers from Rs.12 to Rs.30 crore to finance expansion and promotion of new products and also to meet long-term working capital requirements. It is raising its capacity from 1,500 to 2,400 tonnes per year. The expansion is expected to be completed in January 1992. To meet increased demand for fabricated products other than sacks, it is setting up another unit at Daman which was scheduled to go into operation by April 1991 but has been delayed.

TRENDS

Punjab Alkalies and Chemicals

Punjab Alkalies and Chemicals Ltd (PACL), engaged in the manufacture of caustic soda, liquid chlorine and hydrochloric acid, had declared a maiden dividend of 12.5 per cent for the year ended March 1990. This year the company has stepped up the dividend to 18 per cent as its cash profits have gone up to Rs.10.21 crore.

Punjab Alkalies & Chemicals *(Rs crore)*

Period	Oct '90-Mar '91	Oct 89-Mar '90	Apr '90-Mar '91
Net sales	17.42	16.96	34.60
Other income	0.23	0.10	0.32
Raw material costs	3.18	2.87	6.43
Salaries and wages	0.72	0.65	1.44
Operating profit	6.39	6.59	12.73
Interest	1.13	1.52	2.52
Gross profit	5.26	5.07	10.21
Depreciation	1.80	2.00	4.02
Tax	—	0.27	—
Net profit	3.45	2.79	6.18
OP/sales (%)	36.68	38.85	36.79
RM/sales (%)	18.25	16.92	18.58

While sales for the year ended March 1991 is up 8 per cent, operating profit is placed 3 per cent higher at Rs.12.73 crore. Due to 20 per cent lower financial charges, the bottomline has increased by 27 per cent, yielding an EPS of Rs.6.12 (Rs.4.80).

Meanwhile, the company is implementing a capacity optimisation project through addition of balancing equipment at a cost of Rs.11.20 crore. The project is likely to be completed by September 1991. PACL has also planned to diversify into value added down stream projects such as the manufacture of chlorosulphonic acid, ethylene dichloride, epichlorohydrin and synthetic glycerine. The company has also received a letter of intent to set up a 100 tonne per day caustic soda plant using membrane cell technology, costing Rs.50 crore.

India Cements

India Cements Ltd (ICL) has proposed a final dividend of 13 per cent which, together with the earlier interim paid, totals 25 per cent for the year ended March 1991. This is 13 points higher than what was paid last year.

Having acquired the cement division of Coromandel Fertilisers, ICL has clocked a 82 per cent higher net sales at Rs.223.54 crore for the year ended March 1991. With this takeover, completed by September 1990, the total cement capacity of the company has been increased to 2.8 million tonnes per annum.

Meanwhile, ICL's equity has tripled from Rs.4.9 to Rs.15 crore. This would further increase when the 12.5 per cent convertible debenture gets converted during the current year.

The company's diversification plan into shipping has not yet taken off. However, it has made a foray into real estate and property development. ICL has recently offered to take over Industrial Chemical and Monomers Ltd (ICML), a sick company producing calcium carbide.

India Cements *(Rs crore)*

Period	Oct '90-Mar '91	Oct '89-Mar '90	Apr '90-Mar '91
Net sales	133.91	65.85	223.54
Other income	0.82	1.92	1.36
Raw material costs	14.79	11.80	26.97
Salaries and wages	7.04	5.29	12.78
Operating profit	33.04	8.25	50.47
Interest	14.12	2.76	18.56
Gross profit	18.92	5.49	31.91
Depreciation	9.09	2.16	12.88
Tax	—	0.30	—
Net profit	9.83	3.03	19.03
OP/sales (%)	24.67	12.53	22.57
RM/sales (%)	11.04	17.92	12.06

RESULTS ANNOUNCED

Orient Paper & Industries

A 5 per cent rise in sales margins have increased to give a heavier bottomline; EPS has crossed the face value for the year ended March 1991

Engaged primarily in the manufacture of paper and a recent entrant in cement (which contributed 20 per cent of its 1990 turnover), Orient's gross profit margin has gone up by 5 points to 12.7 per cent on sales of Rs.249.15 crore (Rs.237.78 crore). The net profit, up 89 per cent at Rs.17.24 crore, yields an EPS of Rs.15.06 (Rs.7.97). The scrip quotes at Rs.175, discounting these earnings nearly 12 times. A rights issue of partly convertible debentures to finance modernisation plans is on the anvil.

Zuari Agro Chemicals

Rise in sales and profit margins for this fertiliser manufacturer of the K.K. Birla group

Gross profit margin was up two points to 9.3 per cent (7 per cent) on a sales of Rs.280.63 crore (up 8 per cent). Zuari's bottomline went up 66 per cent to Rs.11.01 crore giving an EPS of Rs.8.86 (Rs.5.33). Dividend is up by 2.5 points to Rs.3.25 per share at a payout of 37 per cent (56 per cent). The scrip quotes at Rs.76.25 discounting these earnings 8.6 times.

Bayer (India)

Bayer, primarily in agrochemicals, has done well in terms of sales and profits for the year ended March 1991. Dividend stepped up by two points

Gross profit margin was up by more than two points to 9.9 per cent on a sales of Rs.179.06 crore, up 21 per cent. On an equity base of Rs.16.22 crore, Bayer earned Rs.52.03 per share (Rs.32.80) of face value Rs.100 and will distribute Rs.22 per share (Rs.20 per share) as dividend. The scrip quotes at Rs.825 discounting earnings 15.8 times.

Polyolefins Industries

Rise in sales but fall in margins for the year ended March 1991. Higher tax provision depresses the bottomline but dividend up five points

Sales are up 23 per cent at Rs.256.85 crore for this Mafatlal group company, whose primary product is high density polyethylene. Gross profit margin dropped to 14.9 per cent (16.8 per cent). On an equity base of Rs.19.30 crore the company earned Rs.83.21 per share (Rs.93.99) of face value Rs.100 and will distribute Rs.4 per share (Rs.3.5 per share) as dividend. The scrip quotes at Rs.1,150 discounting these earnings 13.8 times.

The Mafatlal Fine Spg & Mfg Co

Fine turnaround for the year ended March 1991, with a bottomline that's back in the black and a dividend payout after a lapse of one year

Sales are up 6.5 per cent to Rs.219.27 crore. Gross profit margin, however, for this textile manufacturer, has shot up to 6.9 per cent from barely 1 per cent last year. As against a net loss of Rs.4.79 crore, the company has now posted a bottomline of Rs.4.61 crore. This would have been even higher but for the amount of loan written off in respect of Mafatlal Engineering amounting to Rs.2.78 crore. Having earned Rs.31.84 per share of face value Rs.100, dividend payout will be Rs.17 per share at a payout of 53 per cent. The scrip quotes at Rs.450 discounting earnings 14 times.

Glaxo India

Moderate rise in turnover, stagnant profit margins and dividend maintained for the year ended March 1991

Turnover up 20 per cent at Rs.370.27 crore gives a gross profit margin of 7.1 per cent (7.6 per cent). On an equity base of Rs.20 crore, Glaxo has earned Rs.5.30 per share (Rs.5.28) and will pay out Rs.2.70 per share as dividend. The scrip quotes at Rs.95 discounting these earnings nearly 18 times.

ICI India

Turnaround in performance for the year ended March 1991 for this highly diversified company

Sales went up by 18 per cent to Rs.598.25 crore while gross profit margin went up to 5.3 per cent (3.6 per cent). The net profit owing to operational performance was Rs.1.77 crore as against a net loss of Rs.12.19 crore in the previous year. In-

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cluding Rs.18.90 crore being a non-recurring profit item, the bottomline stands at Rs.20.67 crore. Dividend however has been skipped for the second consecutive year. ICI now quotes at Rs.54.

Vanavil Dyes and Chemicals

EPS more than half the face value; maiden dividend of 15 per cent declared; export market up

Vanavil Dyes and Chemicals Ltd (VDCL), which became a Colour Chem subsidiary in 1990, is engaged in the manufacture of dyestuff intermediates and chemicals. For the year ended March 1991, the company notched a 22 per cent higher net sales of Rs.19.69 crore. With net profit margins up two points to 7 per cent, the bottomline has increased by 80 per cent to Rs.1.37 crore yielding an EPS of Rs.5.71 (Rs.0.31).

The company went public in 1984 and the share capital then was raised to Rs.1.8 crore. Today, the equity stands at Rs.2.40 crore. Till 1987, the company had accumulated losses worth Rs.87.56 lakh virtually becoming a BIFR case. In 1990 however, TIDCO, the other promoter, divested in favour of Colour Chem after which the company has grown steadily.

Siemens

Sales up by 33 per cent; dividend up 6 per cent

The sales of this electricals and electronics manufacturer, for the year ended March 1991, reached Rs.371.8 crore, an increase of 33 per cent over last year's on an annualised basis. Net profit margins were up 0.6 per cent with net profit reaching Rs.13.1 crore. Exports (including deemed exports) of the company went up by 39 per cent to Rs.54.2 crore.

Meanwhile, the company is setting up a subsidiary called Siemens Information Systems Ltd in which it will have a 51 per cent stake. With a Rs.3-crore investment, the company is expected to produce software for both domestic and international markets.

National Organic Chemical Industries

Primarily a petrochemical manufacturer, this Mafatlal group company has maintained dividend for the year ended March 1991 inspite of profit margins taking a drop

Gross profit margin down by 3.4 points to 14.9 per cent on a sales of Rs.498 crore, up 12 per cent. With a 15 per cent fall in the bottomline to Rs.35.75 crore, EPS has dropped below face value at Rs.99.31 (Rs.117.33). Dividend has been maintained at Rs.40 per share at a higher payout of 40 per cent (34 per cent). The scrip quotes at Rs.1,150 discounting these earnings 11.6 times.

Hinditron Tektronix

Fivefold increase in net profit; EPS Rs.6.03; future blue chip company

Hinditron Tektronix, promoted by the Hinditron group in technical and finan-



cial collaboration with Tektronix, US, manufactures oscilloscopes and other electronic testing and measuring equipment.

For the year ended March 1991, the company has registered a 100 per cent growth in its turnover from Rs.5.48 to Rs.10.95 crore. While gross profits zoomed by 269 per cent to Rs.2.83 crore, profits at net level witnessed a fivefold jump from Rs.34 lakh to Rs.1.81 crore. This resulted in an EPS of Rs.6.03.

Meanwhile the company has begun export of technical services which could increase the company's other income in the coming years.

IN BRIEF

Kusum Ingots and Alloys, a B.K. Modi group company, proposes to set up a 135,000 tpa wire rod mill at a project cost of Rs.44 crore.

Radan Tapes and Tubes plans to manufacture video software, computer tapes and computer graphics and animation workstations at its plant in Kodivale, Raigad. The project cost is Rs.6.1 crore.

Lan Eseda Software Systems, in a joint venture with the US based International Storage Systems, is starting an EoU at NOIDA, Delhi, to manufacture high capacity hard disk drives, with an investment of Rs.25 crore.

Larsen and Toubro has bagged a Rs.41 crore order to supply four steam generators for the 500 MW nuclear power plants being set up by the Nuclear Power Corporation.

VIP Industries is going to diversify into the manufacture of plastic crates.

Kothari Orient Finance plans to increase its equity base through a rights issue in the ratio of 2:1, aggregating Rs.85 lakh.

Aridhi Hi-Tech Industries' ice cream factory, on the outskirts of Delhi, commenced commercial production in April 1991. It achieved 70 per cent capacity utilisation in the very first month of operation. The company is planning to set up an export oriented unit (EOU) to manufacture fruit juices and concentrates.

The Delhi-based **Worldlink Finance** plans to double its equity through a rights issue of Rs.2.5 crore. The issue, in the ratio of 1:1 at par, will be floated in September 1991. The company also plans to get into merchant banking and allied areas.

Eldeco Housing, which has concentrated its activities in UP, is now pursuing expansions into other states to acquire a national status. It is also setting up a manufacturing facility for mosaic tiles and panelled and flush doors.

The Bangalore-based **Victory Glass** has wiped out its accumulated losses and reported a maiden profit of Rs.39 lakh. For the year ended March 1991, the company clocked a turnover of Rs. 11 crore with a gross profit after interest of Rs. 85 lakh.

DCM Data Products has ventured into a joint programme with Aspect Development of the US to provide a component library management system and component data bases for electronic design automation.

United Carbon has stepped up its dividend by four points to 20 per cent for the year ended March 1991. The company's modernisation project is expected to be commissioned in the second half of 1992. The transfer of technology agreement with Cabot Corporation of the US, has been approved by the government.



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STOCK MARKET REVIEW

Straight and narrow markets

(For the fortnight ended 28 June 1991)

	28 June	14 June	per cent change over fortnight	year
BSE Sensitive Index	1269.91	1292.81	−1.8	+52.2
BSE National Index	628.75	636.44	−1.2	+43.2
Vol (Rs.cr) fortnt. ended	160.11	124.05	+29.1	−2.1

The fortnight came alive with plenty of news — a new prime minister was sworn in, the finance minister announced his views at a press conference, several large companies announced their results, the rupee was devalued shortly after the close of the fortnight, and, the market hardly budged. The narrow band of 1,250 to 1,350 that the BSE Sensitive Index entered from below on 11 April has since been broken only twice: once when the index fell to 1,235 on 30 April and next when it hit 1,361 on 21 June on annoucement of the cabinet.

Anticipatory purchases. Mutual fund propping is stated to be one of the reasons. But mutual funds have actually been busier in call markets than in stock-markets over the past three months; purchases by speculators in anticipation of mutual fund entry is probably part of the reason.

Narasimha Rao's appointment as prime minister on 20 June was less well-received than his allocation of portfolios the next day. In particular, the appointment of erstwhile RBI governor Manmohan Singh in finance and industrial scion P. Chidambaram in commerce caused the index to cross 1,350 on 21 June.

The market, however, reacted neutrally to the finance minister's announcement on 25 June that controls should be reduced. There was, as one broker commented, nothing in Singh's speech to show that he has strong free-market instincts. Singh merely stated the inevitable, showing that even Indian bureaucrats sometimes need to recognise reality.

Singh's budget, to be announced on 24 July, is expected to bring in stiffer indirect taxes, especially in the areas of cement and paper. The bureaucratic tendency to mop up surpluses, however temporary and cyclical, on a strongly performing industry will probably be appropriately exercised. As a result, cement shares were weak over the fortnight. ACC fell from Rs.2,555 to Rs.2,335 (−8.6 per cent), Madras Cements from Rs.4,900 to Rs.4,700, Jaiprakash Industries from Rs.33.50 to Rs.32.50 and Raasi Cements from Rs.67 to Rs.66. This, despite record profits from both ACC and Madras Cements, in addition to news that the cement boom is far from over. Demand for cement remains stable, so do prices, although the 5 per cent average monthly jump in prices that occurred in the last six months of 1990 is, temporarily, over.

The surprise in the results declared by big companies over the past fortnight, including ACC, Raymond Woollen, Tata Steel and Tata Locomotive was in the tax-bite. Thanks largely to the December 1990 change in allowable depreciation to 75 per cent of the calculated amount, just three companies, Tata Steel, Tata Locomotive and Raymond Woollen ended up paying Rs.191.5 crore in income taxes, compared to Rs.78.5 crore in 1989-90.

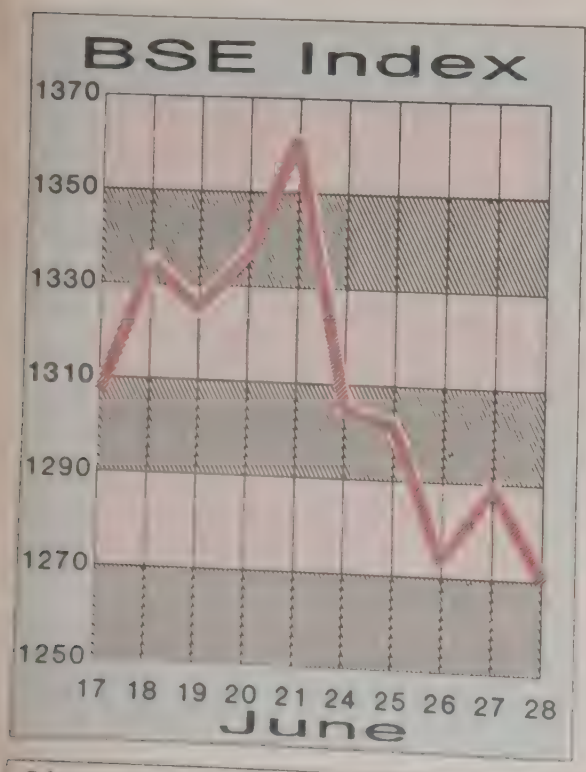
Reliance Industries, however, continued to steer clear of the income-tax net. Last year, the company managed to do this despite losses of over Rs.250 crore made by its subsidiaries which were treated as unrealised investment losses. This year the company's annual report could throw up equally interesting surprises.

In terms of corporate disclosure, the annual report of Indian Aluminium is exclusively informative. Apart from the directors' report, there is a detailed management report that discusses both the past and future of each of the company's product lines.

The monsoon has begun well; by devaluing the rupee, the government has obviously fulfilled one of the IMF's main conditions for a loan. Such firm undertones reflected the market's optimism. If a programme of immediate privatisation is begun in July, brokers hope (probably unrealistically) that there will be no unduly stiff taxes in the budget. *Propter hoc*, a steady market. ■

RAFIQ DOSSANI





Giants' results

Company	Price on 14 June (Rs.)	28 June (Rs.)	Price a year ago 28 June '90 (Rs.)	Net profit & % rise (Rs. crore)	Expected net
ACC	2,555.00	2,335.00	595.00	110.42(+511%)	125
Reliance	143.50	147.50	92.50	125(+38.1)	125
Tata Loco	227.50	227.50	159.00	142.05(+38.5%)	150
Tata Steel	180.00	179.00	120.25	160.13(+7.8%)	170

UP SCRIP

Star performer

United Phosphorus (UP), the country's sole producer of tri methyl phosphite (TMP) doubled its plant capacity to 4,000 tonnes per annum, last year. In May this year, TMP, the pesticide intermediate was removed from open general licence and placed in the restricted list for purposes of import.

This was the icing on the cake for UP's shareholders. The company's results for the year ended March 1991 were already excellent, thanks to TMP sales, which, along with other pesticides, contributed over 60 per cent of the turnover. Sales at Rs.57.7 crore was up from Rs.41.75 crore last year (38 per cent) while net profit rose to Rs.5.74 crore from Rs.0.72 crore (783 per cent).

The current market price of TMP is firm at Rs.100 per kg. The scrip has been a star performer on the stockmarket, attracting attention after it rose from Rs.45 to Rs.125 between July and October 1990. The current year is expected to be excellent as well, with the rupee depreciating rapidly.

■ MANALI RESHAMWALA

1990-91 RESULTS

At a glance

For the full year ended March 1991, the results of 240 companies show a 24 per cent jump in sales with gross profit margins stagnating at 11.1 per cent (10.4 per cent). Net profit margin moved up slightly to 5.7 per cent (4.9 per cent). For 146 companies, sales for the second half of the year ended March '91 are up 18 per cent while gross profit margins have stagnated at 8 per cent (*see Table A*).

Outlined below (*in Table B*) are some companies where the turnaround in performance has been spectacular. While it is the cement companies that seem to have been touched by the magic wand, Peico in consumer electronics and Hero Honda in the automobiles sector have shaken off the red and posted gleaming black bottomlines.

Table A

	240 companies % change over 12 months	146 companies % change over 6 months
Sales	24	18
Gross profit	31	21
Net profit	44	15

Note: Gross profit is profit after interest but before depreciation and tax. Net profit is profit after interest, depreciation and tax.

Table B *(Rs. in crore)*

Company name	Industry	(12 months) 31 March '91 Sales	(12 months) 31 March '91 Net profit	(12 months) 31 March '90 Sales	(12 months) 31 March '90 Net profit
Shree Cement	Cement	134.55	13.88	93.56	0.04
Madras Cement	Cement	139.91	18.41	102.11	0.68
Rajasthan Spg & Wvg	Textiles	105.08	9.62	84.77	0.27
India Cement	Cement	223.54	19.03	122.61	2.59
Chettinad Cement*	Cement	40.74	4.51	25.22	–4.98
Crompton Greaves*	Electronics	372.07	18.88	305.74	9.23
Hero Honda	Automobiles	211.88	15.74	149.77	–0.32
Peico Cons	Electronics	564.22	27.52	416.94	–7.81

** Figures are for the six months ended March 1991*

Table C *(Rs. in crore)*

Company name	(12 months) 31 March '91 Sales	(12 months) 31 March '91 Net profit	(12 months) 31 March '90 Sales	(12 months) 31 March '90 Net profit
National Rayon*	94.52	–2.58	97.30	7.66
Shree Synth	155.93	2.69	160.11	9.12
Century Enka**	500.72	24.24	491.08	68.59
Baroda Rayon	254.34	3.32	245.46	23.82

* For the 6 months ended 31 March 91

** Figures for 31 March'91 are for a period of 15 months

On the flip side of the coin, companies in the man-made fibres industry are the ones that have shown an absymal decline in profits. Thanks mainly to the excise hikes slapped on in December 1990 (*see Table C*), the bottomlines of these companies have turned distinctly weepy.

■ ALKA MUKUNDAN

BSE MEMBERSHIPS

Fresh moves

The Bombay Stock Exchange (BSE) has not admitted new members since 1986. In fact, over the past two years, membership applications from the public sector financial institutions were even rejected. The government, however, is keen to see financial institutions as members. It would like the addition of another 100 individual members to its list.

Member-brokers of the BSE have been hostile to the government's proposals primarily because they would lose business to new members, especially to institutions. In this context, SEBI's (The Securities and Exchange Board of India) revolutionary proposal for membership of the Bombay Stock Exchange has, surprisingly, not been opposed by the members. In fact, when SEBI's chairman G.V. Ramakrishna presented his ideas to BSE members on 17 June, a group of brokers who were initially sceptical warmed up to his suggestion that to prevent unfair competition, membership for financial institutions should follow only after the BSE has several more private corporate members. He also suggested that a single broker be allowed to incorporate himself instead of the current rule requiring at least two member-brokers to jointly promote a corporation with at least 51 per cent of the share capital held between them. SEBI would also allow corporate bodies to become members even though none of its shareholders are currently members.

Subtle viewpoint. In fact, Ramakrishna's views are considerably more important than brokers realise. He is hinting at nothing less than transferring the control of authorising membership from the BSE to SEBI. He observes that "the exchange has shown no willingness to apply its mind to the issue of corporate membership. They have had a negative attitude and have harped only on not letting the financial institutions in".

The BSE is currently also examining a proposal that allows corporate membership if at least 2.5 per cent of the paid up capital is held by "approved persons" who are not members of the BSE. But the point is that the BSE views itself as a private club of persons holding valuable membership cards. It has not so far and it is unlikely in the future to dilute this value by granting anyone the "approved" status.

Ramakrishna would like SEBI to, therefore, authorise memberships based on three criteria that would apply equally to any corporate applicant. The criteria are: adequate networth, professional staff and adequate infrastructure in

terms of the existence of a branch network and investment in capital equipment. The payoff, notes Ramakrishna, would come in the form of better access of corporate bodies to organised forms of credit (such as bank loans) and, ultimately, better client service.

The BSE's executive director, M.R. Mayya, refused to comment on the possibility of SEBI controlling memberships. He maintained that the BSE had not received any formal communication from SEBI on the matter. He, however, refuted Ramakrishna's views on the BSE's attitude towards corporate membership stating that a committee appointed by the BSE had recently suggested guidelines for institutional membership and this had been rejected by the government. Meanwhile, Ramakrishna has already approached the finance ministry for the necessary amendments in the Securities and Contract Regulation Act.

Considering that SEBI has consistently advocated self-regulation for brokers, Ramakrishna's latest move is probably intended to prompt the BSE into action along similar lines. Given the poor quality of client service currently available, such moves ought to be welcomed.

■ RAFIQ DOSSANI and POONAM CHAWLA

(Rs. crore)

	Tri-Star Soya		Ruchi Soya		Prestige Foods		Premier Industries		Vippy Solvex		Alpine Solvex	
	Mar '91	Mar '90	Mar '91	Mar '90	Mar '91	Mar '90	Mar '91	Mar '90	Mar '91	Mar '90	Mar '91	Mar '90
Total income	67.21	53.20	36.02	30.19	79.55	70.39	28.83	26.54	43.64	31.77	43.07	25.91
Gross profit	5.87	2.78	2.53	1.43	3.86	2.02	1.52	1.03	1.25	1.01	3.69	0.97
Net profit	5.12	2.09	2.15	1.14	3.00	1.48	1.28	0.78	0.85	0.57	3.02	0.72
GPM (%)	8.73	5.22	7.02	4.73	4.85	2.87	5.27	3.88	2.86	3.18	8.57	3.74
NPM (%)	7.62	3.93	5.97	3.77	3.77	2.10	4.44	2.94	1.95	1.79	7.01	2.78
EPS (Rs.)	14.63	5.97	4.01	2.12	7.94	3.91	3.40	2.07	6.03	4.04	10.24	2.44
Market price as on July (Rs.)	49.00	27.00 xr	21.00	18.00	32.00	23.00	17.00	17.00	32.50	26.00	35.00	23.00
P/E (times)	3.35	4.52	5.23	8.50	4.03	6.00	5.00	8.21	5.40	6.43	3.42	9.43
Equity capital	3.50	3.50	5.36	5.36	3.78	3.78	3.76	3.76	1.41	1.41	2.95	2.95

Note: Except for Alpine Solvex rest all are unaudited results for March '91

SOYA SCRIPS

Worth a watchful eye

Crippled by an acute shortage of soyabeans due to poor monsoons, between 1986 and 1988 the soya industry had languished . This year, the industry is definitely on the upswing, as the recently released financial results of six soya processing companies for the year ended March 1991 and their promising fundamentals show. So, it comes as a surprise that this industry is not being fancied by investors.

In the first place, what is puzzling is that the industry price to earnings (P/E) ratio, placed at around 10 times (the beginning of the upward trend) last year, has tumbled to the current 4-6 times. Which means that although earnings have risen, the share price has not reacted positively, resulting in a deflated P/E.

Stigma attached. According to Jamboo Bhandari, the managing director of Alpine Solvex, there is a stigma attached to this industry as the major players have let down the investing public by not honouring their commitments. The investors, who hopped on to the bandwagon in 1985-86 during the stockmarket and soya booms, have got negative returns on their investments and companies have been getting on and off the dividend list.

As many as 50 plants with a total processing capacity of 3.5 million tonnes of soyabeans per annum had sprung up by end-1986. The next two years' droughts adversely affected the crop and raw material became scarce for the processing units. Also, export prices became unremunerative, because the input costs had shot up.

The crop was a mere 750,000 tonnes in 1987-88. This led to overcapacity with most companies operating at only 20 to 25 per cent of installed capacity. Several plants were forced to suspend operations. So much so, that even big players slipped into the red. Tri-Star Soya's losses mounted to Rs.2.69 crore on an equity base of Rs.2.49 crore (1987-88), while Noble Soya reported accumulated losses of Rs.2.57 crore against an equity of Rs.6.75 crore (1987-89).

Beginning 1989, thanks to the good monsoons, the soya crop surpassed previous records to touch 1.7 million tonnes. The industry revived as companies reported positive bottomlines and share prices started looking up. Alpine Solvex's scrip began being quoted at Rs.18.50, up from Rs.4 (1988), while that of Tri-Star Soya rose from Rs.5 (1988) to Rs.40. Meanwhile, soyabean production continued to increase to 1.85 million tonnes for 1989-90 and over 2 million tonnes for 1990-91, leading to a capacity utilisation of 70 per cent by the processing units.

Turnaround. A long-term assessment of investment possibilities in this industry is naturally linked to the soyabean crop every year, the installed capacity and the companies' managements. According to a leading merchant banker, many existing companies have planned capacity expansions and there is also the likelihood of new entrepreneurs entering the field now that the industry's fortunes have turned around. Alpine Solvex has already planned to expand its capacity from 75,000 tpa to 210,000 tpa at a cost of Rs.13 crore. "This expansion," says Bhandari, "will be financed mainly from internal accruals and loans from financial institutions. The details will be finalised by the time production starts in November 1991.

But if the gap between the installed capacity and the crop size widens, history could repeat itself. Consequently, the short-term investment entry hinges upon how plentiful the monsoon will be in the soya growing region (M.P. accounts for 80 per cent of the crop). "Indications are that the rains have been as expected," says Abhay Chaturvedi, manager (exports), Premier Industries.

Another important factor that has a bearing on this industry is exports where India has a minuscule share of less than one per cent of the world market. This could increase. The price realisations are also moving upwards, partly because of the falling rupee. Also, as Europe is going to be a single market 1992 onwards, soyameal companies could venture into other hard currency areas, if the Argentina, Brazil and US crops fail.

There is a general apprehension that many soya companies may re-enter the capital market as the going is good. However, it is important to keep a watchful eye on the growth of the equity bases of these companies, as they should be able to earn enough to service it.

■ LANCELOT JOSEPH

Good prospects for export units

Paresh J. Khandwala, *a partner of the stockbroking firm, Jayantilal Khandwala & Sons, that caters mainly to financial institutions talks to* Business India's *Lancelot Joseph and Alka Mukundan on portfolio choice. Khandwala is basically a fundamental analyst. His time frame for investment is medium-term. About 60 per cent of the funds that he manages is put in for the long-term, while the remaining is for short-term and trading purposes*

Until the budget, Khandwala thinks that it will be a short-term traders' market with the BSE sensitive index swinging between 1,245 and 1,375. Obviously, other factors include the rain gods and a quick clearance of the IMF loan with minimum conditionalities. Khandwala feels that a "safety net" exists in the form of mutual funds waiting in the wings flush with cash.

In this context, he notes that the equity linked savings schemes mopped up Rs.700 crore in March this year, while since January other mutual fund schemes have garnered approximately Rs.2,700 crore. Hence, long-term, demand for scrips at lower levels is more or less assured.

Prime picks

Commenting on the budget, Khandwala opines that cement and paper, both industry groups that have witnessed a year of bumper profits, could face excise hikes, along with the usual cash cows like consumer electronics. At the same time, he feels that as a fallout of the forex crisis, export-oriented units hold out good prospects. Here, he cites Sesa Goa and Tata Unisys as prime picks. At Sesa Goa — exporters of iron-ore — implementation of the project to manufacture low phosphorus pig iron is under way. This will make for value-addition and a diversification of the product range. The scrip that now quotes at Rs.263.75 is likely to touch Rs.320 within a year's time, with an expected EPS of Rs.16 for the year ended March 1992.

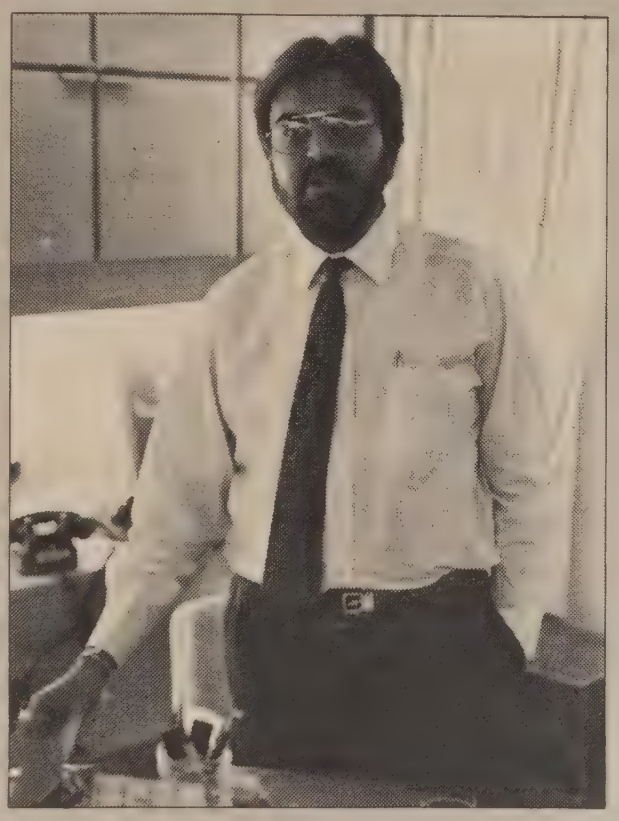
Khandwala also likes Tata Unisys, the information technology venture of the Tata group and Unisys Corporation, USA, which posted an EPS of Rs.15.41 for March 1991. The company has big orders from Crompton Greaves, and export prospects are good. For March 1992, turnover is expected to rise by 35 per cent, and EPS should be around Rs.20. The scrip which currently quotes at Rs.165 could, according to Khandwala, appreciate by 80 per cent in a year (*see table for price appreciation*).

Another export unit that Khandwala closely tracks is Kerala Chemicals, a joint venture between the Kerala State Industrial Development Corporation (KSIDC), Nitta Gelatine Co and Mistubishi Corporation, both of Japan. This company manufactures ossein and dicalcium phosphate and exports mainly to Japan. The scrip was quoting barely at Rs.30 in January 1990 when Khandwala started acquiring it. It currently trades at Rs.165 and is likely, he feels, to appreciate 100 cent in the next six months. With an EPS of Rs.16.14 for March 1991 on a tiny equity base of Rs.1.40 crore and a book value of Rs.62.50, the company is considered a hot bonus candidate. A 1:1 bonus is anticipated and the EPS for March 1992 is likely to be maintained on ex-bonus equity.

Two low-priced scrips that hold potential for price appreciation in Khandwala's view are Gujarat Apar Polymers and Sree Rayalaseema Alkalies. Gujarat Apar Polymers, a joint venture of GIIC and Apar Ltd, was set up to manufacture acrylonitrile butadiene rubber (NBR) and latexes. NBR is an import substitute. Because of the Gulf war, the selling price, which at the start of the project was around Rs.53/kg, has now firmed up to Rs.81/kg. With commercial production slated to commence in August-September this year, capacity utilisation is expected to be around 45 to 50 per cent for the year ended March 1992 and the company is expected to post a cash profit in the first year itself. The scrip quotes at Rs.23.50 and could appreciate by 60 per cent within a year's time.

In Sree Rayalaseema Alkalies' main product, caustic soda, price realisations per tonne are higher by 30 per cent over last year. The company uses the latest membrane cell technology. With an expected EPS of Rs.5 for the year ended March 1992, the scrip that currently quotes at Rs.25.50 should, says Khandwala, appreciate by 60 per cent in the next one year's time.

Winding up with a scrip for the short-term, Khandwala points out that thanks to the shortage of steel scrap, the price realisation of sponge iron at around Rs.5,200/tonne has increased by 32 per cent in just eight months. The market price of Essar Gujarat, in whose management Khandwala has great faith, is expected to touch Rs.100 on declaration of results from its present value of Rs.67.50. That's a 48 per cent potential appreciation in the shortest of short terms.



Until the budget, it will be a short-term traders' market with the BSE sensitive index swinging between 1,245 and 1,375. Obviously, other factors include the rain gods and a quick clearance of the IMF loan with minimum conditionalities. Khandwala feels that a "safety net" exists in the form of mutual funds

Company name	Prices as on 28.6.90	28.6.91	% change
Sesa Goa	94.00	263.75	+179
Tata Unisys	105.00	165.00	+57

STOCKMARKETS

Company	Year	Equity	Re-	Book	Price	52 weeks		EPS in Rs		PE	Divi-	Yield	Bonus	
Face value	Ended	Rs Cr	serves Rs Cr	value Rs	28.6.91	High	Low	Year	Half-yr	Times	dend %	%	Year	Ratio
A.P.SCOOTERS.10	03/87	9.94	13.25	3.33	4.50	11.00	4.00	-4.8			11.0	24.4		
ABB.10	12/90	9.96	14.11	24.31	135.00	165.00	92.50	8.6	3.5	15.7	27.0	2.0		
ACC.10	03/91	55.45	183.63	428.20	2335.00	2645.00	746.25	197.3	95.1	11.8	30.0	1.3	86	1:5
AHMEDABAD ELEC.100	03/90	21.30	67.58	417.28	460.00	650.00	320.00	36.8	14.0	12.5	16.0	3.5	87	1:5
ALFA LAVAL.10	03/90	7.82	21.57	37.58	215.00	232.50	145.00	10.9	4.1	19.7	25.0	1.2	89	1:2
AMAL RASAYAN.10	03/90	3.19	11.36	45.61	41.50	65.00	33.50		2.9	4.2		3.8		
AMBUJA BARADHA.10	03/90	22.20	1.10	9.50	10.50	22.00	10.00	0.3		35.0			82	1:5
AMCHEM.10	03/90	5.33	11.32	31.24	84.00	135.00	73.00	11.3	5.0	7.4	25.0	3.0		
ANDHRA CEMENT.10	03/89	18.78	2.70	8.56	1265.00	1400.00	11.00	-15.4				11.8	67	1:2
ANDHRA VALLEY.100	03/90	10.51	49.73	573.17	1265.00	1650.00	730.00	185.8	108.4	6.8	20.0	1.6	75	1:9
ANDREW YULE.10	03/87	9.41	22.81	34.24	43.50	250.00	38.00	2.2		19.8	10.0	2.3	67	2:5
ANNAPURNA FOILS.10	03/89	9.05	0.00	10.00	8.50	18.00	7.00	-2.9	-3.2					
APOLLO HOSP.10	09/89	5.41	1.33	12.46	15.00	30.00	12.00	2.6	1.2	5.8	15.0	10.0		
APOLLO TYRES.10	10/89	8.40	14.19	26.89	62.50	92.50	42.50	18.3		3.4	25.0	4.0		
APPLE IND.10	03/90	5.19	0.81	11.56	34.00	66.25	33.00	8.6		4.0	35.0	10.3		
ASHOK LEYLAND.10	03/90	31.72	100.64	41.73	146.00	251.25	84.00	5.8	4.3	25.2	31.5	2.2	78	1:2
ASIAN CABLES.10	03/91	5.59	10.28	28.39	35.00	48.00	30.00	6.8	2.4	5.1	15.0	4.3	81	1:3
ASIAN HOTELS.10	03/90	15.05	12.21	18.11	63.00	102.50	57.50	7.4	3.0	8.5	25.0	4.0		
ASIAN PAINTS.10	03/90	12.44	56.50	55.42	241.25	285.50	220.00	15.3	6.2	15.8	45.0	1.9	87	1:2
ASSAM CO.10	03/90	14.00	26.02	28.59	137.50	180.00	112.50	9.2	5.1	14.9	55.0	4.0	89	1:1
ASSAM FRONTIER.10	03/90	3.00	17.19	67.30	270.00	365.00	200.00	29.7	14.5	9.1	50.0	1.9		
ASTRA DL.10	03/91	2.50	4.86	29.44	66.25	75.00	42.50	6.5	2.5	10.2	17.0	2.6		
ATLAS COPCO.10	03/90	7.25	7.26	20.01	71.00	87.00	42.00	-0.5	-1.9	46.2		2.7	87	1:2
ATLAS CYCLE.10	03/90	1.15	14.88	139.39	180.00	205.00	80.00	7.2	2.4	25.0	15.0	0.8	87	1:2
AVERY INDIA.10	03/90	4.20	13.49	42.12	165.00	195.00	120.00	7.3		22.6	35.0	2.1	84	2:5
BAJAJ AUTO.10	03/91	18.81	298.75	168.83	605.00	725.00	510.00	30.0	21.6	20.2	100.0	1.7	87	1:1
BAJAJ PLASTIC.10	03/90	1.50	3.51	33.40	72.50	92.50	43.75	0.7	3.6	103.6			86	1:1
BAJAJ TEMPO.10	03/90	6.60	42.10	73.79	215.00	280.00	157.50	11.5	9.1	18.7	20.0	0.9	86	1:1
BAKELITE HYLAM.10	03/90	4.50	20.04	54.53	50.00	62.50	41.00	3.0	1.8	16.7	18.0	3.6	80	2:3
BALLARPUR.10	03/90	20.97	27.11	22.93	276.25	310.00	180.00	19.9	14.2	13.9	28.0	1.0	89	1:2
BARODA RAYON.100	03/90	17.97	51.55	386.87	490.00	1167.25	415.00	132.5	11.4	3.7	25.0	5.1	90	1:2
BASF.10	03/91	6.39	18.55	39.03	132.50	160.08	100.00	7.9	6.9	16.8	20.0	1.5	90	1:2
BATA INDIA.10	12/89	10.50	17.18	26.36	80.50	105.00	76.00	5.4		14.9	15.0	1.9	87	1:1
BATLIBOI.10	09/89	2.79	3.93	24.09	78.00	89.00	38.00	5.5		14.2	15.0	1.9		
BAYER INDIA.100	03/91	16.22	22.52	238.84	840.00	1075.00	600.00	52.0	24.4	16.2	22.0	2.6	87	1:1
BEST & CROM.10	03/90	7.56	23.03	40.46	45.00	77.50	32.50	1.9	-0.3	23.7	10.0	2.2	82	3:5
BHADRA PAPER.10	03/91	10.57	40.44	48.26	150.00	170.00	80.00	14.6	6.2	10.3	37.5	2.5		
BHARAT FORGE.10	03/91	14.64	62.59	52.75	200.00	265.00	105.00	9.8	5.9	20.4	30.0	1.5	88	1:1
BHARAT GEARS.10	03/90	4.03	5.50	23.65	44.00	62.00	32.50	2.7	0.1	16.3		6.2		
BIHAR ALLOY.10	03/90	8.20	10.01	-2.23	20.00	51.50	17.00	-2.1		13.1				
BIMETAL.10	03/90	3.82	12.13	41.75	162.50	162.50	75.00	7.5	5.0	21.7	27.5	1.7	89	1:1
BINDAL AGRO.10	12/89	39.85	48.25	22.11	42.00	80.00	37.50	3.3	4.6	12.7	50.0	11.9	90	1:2
BIRLA JUTE.10	03/91	20.37	128.37	73.02	264.00	285.00	110.00	19.2	7.7	13.8	30.0	1.1	86	1:1
BIRLA YAMAHA.10	02/89	8.00	0.17	10.21	17.00	26.00	12.00	-4.8	-3.4					
BLOW PLAST.10	07/89	2.00	3.73	28.65	150.00	150.00	50.00	1.6	5.3	93.8	15.0	1.0	87	1:1
BLUE STAR.10	03/91	7.11	18.72	36.33	60.00	120.00	57.50	5.9	1.5	10.2	16.0	2.7	90	1:1
BOM BURMAH.100	03/91	5.52	23.65	528.44	1125.00	1250.00	800.00	110.7	38.9	10.2	35.0	3.1	78	1:4
BOM DYEING.10	03/91	22.48	106.11	57.20	200.00	240.00	125.00	16.0	7.7	12.5	30.0	1.5	90	1:1
BOM SUBURBAN.10	03/90	6.60	78.22	128.52	83.75	140.00	52.50	18.2	12.0	4.6	20.0	2.4	89	1:1
BOOTS.10	03/90	8.10	9.33	21.52	142.50	150.00	92.50	5.6	3.9	25.4	30.0	2.1	87	1:1
BOROSIL GLASS.10	03/90	2.24	8.71	48.88	56.25	65.00	47.50	5.9		9.5	25.0	4.4	82	1:2
BRITANNIA.10	03/91	18.57	37.96	30.44	140.00	162.50	105.00	5.4	2.8	25.9	29.0	2.1	89	1:2
BROOKE BOND.10	12/90	44.15	53.54	22.13	143.00	167.50	116.00	5.9		24.2	40.0	2.8	89	4:5
BURROUGHS.10	03/90	6.00	15.82	36.37	80.00	110.00	70.00	3.0	2.3	26.7	15.0	1.9	89	1:1
C.E.S.C.10	03/90	16.94	86.30	60.94	50.50	87.00	39.50	7.9	2.9	6.4	20.0	4.0		
C.P.TOOLS.100	03/90	4.57	14.21	410.94	520.00	650.00	280.00	5.0	-5.6	104.0	15.0	2.9	87	1:3
CABLE CORP.10	03/91	9.00	31.83	45.37	99.00	117.50	80.00	9.0	3.4	11.0	28.0	2.8		
CADBURY.10	03/90	9.40	14.40	27.14	156.25	185.00	140.00	6.3	2.3	24.8	35.0	2.2	87	1:1
CALICO MILLS.125	06/89	13.56	-5.69	12.56	45.00	95.00	40.00	2.3		19.6			77	1:7
CARRIER AIRCON.10	03/90	17.42	3.50	7.99	16.00	31.00	9.00	1.2	-0.9					
CASTROL.10	03/91	9.86	42.07	52.67	322.50	330.00	154.69	21.4	8.5	15.1	45.0	1.4	90	3:5
CEAT TYRES.10	06/90	14.76	109.15	83.35	82.50	125.00	70.00	15.2	6.3	5.4	30.0	3.6	86	1:2
CEMINDIA.10	03/91	1.28	9.94	79.84	102.50	122.50	75.00	5.9	2.8	17.4	30.0	2.9	84	3:5
CENTURY ENKA.100	03/91	23.25	161.52	794.15	2550.00	3964.29	2321.43	164.2	65.0	24.5	49.0	1.9	90	2:5
CENTURY SPIN.100	03/91	26.62	252.97	1054.30	5310.00	5380.00	3700.00	306.3	120.1	17.3	50.0	0.9	86	2:3
CHAMPAGNE.10	03/90	3.00	1.46	5.13	17.00	24.00	14.00	1.8						
CHLORIDE.10	03/90	20.65	16.51	18.00	85.00	129.00	65.00	6.7	2.6	15.7	31.5	3.0	86	3:5
CIFCO FINANCE.10	03/90	4.78	0.56	11.72	13.00	13.00	11.00	1.9	1.2	7.2	18.0	13.8		
CITURGIA.10	03/91	3.38	10.48	41.21	111.00	111.00	85.00	8.9	3.9	15.4	35.0	2.3		
COLGATE.10	12/89	31.44	25.32	18.05	302.50	340.00	250.00	8.1		37.8	42.5	1.4	89	1:1
COLOUR CHEM.100	03/90	7.94	13.96	275.82	950.00	1000.00	425.00	30.1	20.0	28.3	22.5	2.6	80	2:5
COMET STEEL.10	03/91	3.65	5.34	15.53	14.50	21.00	14.00	1.9		16.1		10.6		
COROM FERT.10	09/90	24.32	20.45	18.41	73.00	90.00	41.00	4.3	1.8	20.8	20.0	2.7	86	1:2
COSMO FILMS.10	03/90	2.19	5.47	32.89	25.00	45.00	18.50	4.2	1.8			5.5		
CRUMPTON GREA.100	03/90	19.20	74.09	485.89	1115.00	1650.00	920.00	82.4	33.6	14.8	19.0	1.5	89	1:1
CYANAMID.10	03/90	5.25	12.50	13.81	127.50	142.50	90.00	7.8	4.5	16.3	25.0	2.0		

Company	Year	Equity	Re-	Book	Price	52 weeks		EPS in Rs		PE	Divi-	Yield	Bonus	
Face value	Ended	Rs Cr	serves Rs Cr	value Rs	28.6.91	High	Low	Year	Half-yr	Times	dend %	%	Year	Ratio
DCM TOYOTA.10	03/90	15.00	-12.96	1.36	37.00	58.75	35.00	4.3	3.2	8.6				
DCM.10	03/89	23.02	37.80	26.42	250.00	275.00	55.00	2.6	-2.2	96.2				7:1
DEEPAK FERT.10	03/90	36.68	11.32	13.09	26.50	42.00	24.00	3.2	4.1	8.3	18.0	6.8		
DEEPAK NITR.10	03/90	2.43	9.23	47.98	92.00	140.00	82.00	14.3	8.6	6.4	30.0	3.3	85	
DEMPO STEAM.100	06/85	2.00	9.83	-391.50	5.00	6.50	5.00							
DHARAMSI.10	03/90	6.24	15.76	35.26	46.00	70.00	42.50	10.0	5.1	4.6	25.0	5.4	90	
DR.REDDYS.10	03/90	2.08	1.36	16.54	121.25	121.25	54.00	3.1	1.6	39.1	25.0	2.1		
DUNCAN AGRO.100	03/90	3.05	18.23	697.70	265.00	280.00	75.00	368.5	82.6	0.7	40.0	15.1	89	
DUNLOP.10	03/90	18.99	68.77	46.21	54.00	85.00	50.00	2.3	2.0	23.5	30.0	5.6	76	
E.MERCK.10	12/90	5.94	7.40	22.46	86.00	95.00	59.00	3.3		26.1	20.0	2.3	86	
E.I.HOTELS.10	03/90	23.84	47.57	29.95	40.00	62.50	37.00	4.5	0.5	8.9	22.0	5.5	84	
EICHER MOTORS.10	03/90	9.98	-6.04	3.95	40.00	51.25	32.00	3.5	3.4	11.4		10.0		
EID PARRY.10	03/91	6.28	36.00	67.32	103.00	105.00	75.00	10.3	5.5	10.0	30.0	2.9		
ELECON ENG.10	03/90	5.65	27.25	58.23	53.75	70.00	47.50	1.8		29.9	12.0	2.2	87	3:1
ENFIELD.10	03/90	5.04	6.05	22.00	18.75	32.50	13.50	-6.3	-0.7				85	1:1
ENGLISH ELECT.10	03/90	9.00	18.88	30.98	64.50	84.00	38.00	3.3		19.5	25.0	3.9	90	1:1
ESCORTS.10	03/90	33.90	127.32	47.56	145.00	185.00	108.00	6.6	4.7	22.0	30.0	2.1	87	3:1
ESKAYEF.10	03/90	7.50	26.57	45.43	172.50	191.25	113.75	10.4	6.5	16.6	30.0	1.7	88	1:1
ESSAR SHIPPING.10	06/89	46.14	44.05	19.55	36.50	47.00	20.00	2.9	4.6	12.6	30.0	8.2		
EXCEL.10	03/90	4.62	18.89	50.89	325.00	390.00	209.00	20.0	16.2	16.2	50.0	1.5	84	4:1
FAG PRECISION.10	03/90	3.36	8.71	35.92	88.00	140.00	63.75	13.8	8.7	6.4	18.0	2.0		
FERRO ALLOYS.10	03/90	8.42	36.76	536.58	37.50	82.50	37.50	15.9		2.4	25.0	66.7	80	1:2
FGP.10	03/91	4.89	7.96	26.28	61.00	75.00	53.75	3.5	2.2	17.4	22.0	3.6	87	1:2
FICOM ORGANIC.10	03/90	1.29	7.53	68.37	152.00	240.00	120.00	16.7	9.3	9.1	45.0	3.0	87	1:1
FINOLEX.10	03/90	3.24	38.28	128.15	220.00	375.00	170.00	28.1	15.6	7.8	50.0	2.3	88	4:5
FIRST LEASING.10	11/89	6.30	10.05	25.95	32.50	55.00	32.50	4.8		6.8	26.0	8.0	83	1:3
FLAKT INDIA.10	12/90	4.76	4.08	18.57	73.00	85.00	31.00	4.3	0.9	17.0	20.0	2.7	89	2:5
FORBES FORBES.10	03/90	4.25	21.83	61.36	107.50	115.00	52.50	5.0	1.8	21.5	20.0	1.9	82	2:5
FULFORD.10	03/90	0.80	3.54	54.25	232.50	265.00	165.00	14.4		16.1	22.0	0.9	90	1:1
G.E.SHIPPING.10	03/90	64.85	55.28	18.52	56.50	58.00	27.00	6.7	3.0	8.4	20.0	3.5	90	1:5
G.K.W..10	03/90	24.06	41.04	27.06	31.00	70.00	27.50	6.0	0.5	5.2	15.0	4.8	83	1:3
G.T.C.INDUST.10	03/90	5.00	13.24	36.48	95.00	110.00	38.00	7.2	7.2	13.2	35.0	3.7	72	1:4
GABRIEL.10	03/90	2.64	5.63	31.33	47.50	77.50	42.00	6.6		7.2	18.0	3.8	78	3:5
GAMMON INDIA.10	03/90	2.16	13.87	74.21	112.50	135.00	62.50	2.8	4.2	40.2	25.0	2.2	82	2:5
GARDEN SILK.10	06/89	16.24	84.67	62.14	42.50	62.50	35.00	3.6	2.6	11.8	30.0	7.1		
GARWARE NYLON.10	03/90	9.72	14.92	25.35	30.00	67.00	29.00	3.6	2.0	8.3	15.0	5.0	83	1:2
GARWARE POLY.10	09/89	10.94	21.96	30.07	47.00	60.00	29.50	-6.4				4.1		
GARWARE SHIP.10	03/89	3.75	0.03	10.08	19.50	22.00	13.50	5.9	1.6	3.3	15.0	7.7		
GEN ELECTRIC.10	03/90	7.20	30.60	52.50	53.00	57.00	31.00	3.8	2.5	13.9	10.0	1.9	89	1:1
GENELEC.10	03/89	2.16	-4.39	-10.32	17.50	41.00	15.00	-47.1			14.7	8.4	84	1:1
GEORGE WILL.10	03/90	9.45	23.82	35.21	152.50	180.00	120.00	5.2	10.0	29.3	60.0	3.9	89	1:2
GERMAN REM.10	03/90	6.52	5.61	18.60	95.00	200.00	82.50	13.3	1.8	7.1	20.0	2.1	90	1:1
GLAXO.10	03/91	20.00	55.08	37.54	95.00	107.00	82.50	5.3	2.8	17.9	27.0	2.8	80	1:3
GODFREY PHILIPS.10	03/90	2.60	3.80	24.62	280.00	325.00	88.75	11.0	21.6	25.5	35.0	1.2	75	1:1
GOETZE.10	03/90	6.93	16.53	33.85	108.75	122.50	80.00	6.7	3.4	16.2	32.0	2.9	76	4:5
GOKAK PATEL.10	03/90	6.52	25.96	49.82	235.00	255.00	92.50	13.7	11.0	17.2	32.0	1.4	87	1:1
GOOD NEROLAC.10	03/90	3.24	5.08	25.68	61.25	140.00	52.50	8.5	1.8	7.2	20.0	3.3	78	5:7
GOODYEAR.10	12/90	14.96	47.11	41.49	53.00	220.00	50.00	4.5		11.8	25.0	4.7	90	1:1
GRAMOPHONE.10	03/90	4.37	11.43	36.16	15.50	22.50	12.00	0.4	0.3	38.8				
GRASIM.10	03/91	60.20	279.13	56.37	233.00	265.00	144.00	15.9	7.2	14.7	35.0	1.5	88	3:4
GREAVE COTTON.10	03/90	9.86	30.96	41.40	83.00	110.00	60.00	6.6	2.1	12.6	18.0	2.2	88	1:2
GUJ ALKALIES.10	03/91	17.90	39.87	32.27	155.00	160.00	90.00	8.4	3.1	18.5	28.0	1.8	87	1:5
GUJ AMB CEM.10	06/90	19.99	15.18	17.59	186.50	177.50	66.50	7.3	4.8	22.8	25.0	1.5		
GUJ NARMADA.10	03/89	88.99	103.47	21.63	36.00	54.00	34.00	3.4	0.4	10.6	10.0	2.8		
GUJ STATE FERT.10	03/91	60.15	381.31	73.39	198.75	260.00	160.00	10.8	8.3	18.4	30.0	1.5	87	1:3
HARRISON.10	06/90	9.10	21.40	33.52	182.50	237.50	119.00	10.6	5.6	17.2	75.0	4.1	87	2:5
HERDILLIA CHEM.10	03/91	7.35	52.35	81.22	90.00	120.00	80.00	10.2	3.5	8.8	26.0	2.9	78	1:2
HERO HONDA.10	03/90	15.98	-2.76	8.27	80.00	93.75	36.00	-0.3	2.0					
HIND ALLOY.10	03/90	7.13	5.03	17.05	63.75	128.75	60.00	9.4	4.1	6.8	30.0	4.7		
HIND CIBA.100	03/90	17.71	40.07	326.26	1140.00	1230.00	700.00	92.7	39.5	12.3	30.0	2.6	90	1:2
HIND DEVELOP.10	03/90	32.93	92.56	38.11	90.00	110.00	75.00	3.9	2.4	23.1	20.0	2.2	86	1:1
HIND DORR-OLIVER.10	03/90	4.76	10.67	32.42	75.00	115.00	52.50	7.3	2.8	10.3	25.0	3.3	89	1:1
HIND FERGDO.10	03/90	5.50	1.89	13.44	25.00	40.00	15.00	0.1		250.0	7.5	3.0	83	4:5
HIND LEVER.10	12/90	93.32	162.06	27.37	163.00	168.75	128.00	7.1		23.0	42.0	2.6	87	1:1
HIND MOTOR.10	03/90	26.35	44.92	27.05	3.00	54.50	17.00	0.8	0.4	25.0	7.5	3.8	86	1:1
HINDALCO.10	03/91	38.77	253.87	75.48	247.50	355.00	191.41	16.7	19.8	14.8	30.0	1.2	90	3:5
HMM.10	03/90	14.18	93.90	76.22	366.25	400.00	317.50	12.4	5.3	29.5	40.0	1.1	87	1:1
HOECHST.100	03/91	9.58	60.82	734.86	2500.00	3650.00	2350.00	7.0	56.1	35.1	20.0	0.8	82	1:2
HOGANAS.10	03/90	1.15	0.29	12.52	120.00	146.25	23.75	4.0	1.4	30.0	15.0	1.2		
HOTEL LEELA.10	03/90	18.57	2.20	8.82	14.00	26.00	14.00	0.1	-0.1	140.0				
HOUSING DEV FIN.100	03/91	45.00	108.65	341.44	410.00	475.00	260.00	66.2	82.8	6.2	22.0	5.4		
HYD ALLWYN.10	12/88	17.45	10.70	16.13	13.00	25.00	8.00	1.4	1.2	9.3	15.0	11.5		
I.O.L.10	03/90	14.60	31.44	31.53	45.00	56.00	31.00	0.2		225.0	10.0	2.2	85	1:3
ICI.10	03/90	40.87	84.19	30.60	54.00	67.50	27.50	2.9	-2.1	31.7		5.9	78	1:3
ICIM.10	03/91	8.61	4.61	15.35	27.00	45.00	23.00	2.5	1.8	10.8				
INDIA CEMENT.10	03/90	4.90	48.98	109.96	160.00	175.00	61.25	5.9	7.0	27.1	15.0	0.9	88	2:5

Company / Face value	Year Ended	Equity Rs Cr	Re-serves Rs Cr	Book value Rs	Price 28.6.91	52 weeks High	52 weeks Low	EPS in Rs Year	EPS in Rs Half-yr	PE Times	Divi-dend %	Yield %	Bonus Year	Bonus Ratio
INDIA GYPSUM,10	03/90	8.98	-4.64	4.83	12.00	22.00	10.00	-2.4	-1.3					
INDIA POLYFIBRES,10	03/90	29.75	-2.73	9.08	8.50	22.00	7.00	-0.9	-1.1					
INDIA STEAMSHIP,10	03/90	10.15	-63.17	-52.24	12.00	16.50	8.70	1.8		6.7			75	1:1
INDIAN ALUM,10	03/90	41.50	49.09	21.83	152.00	250.00	150.00	14.1	7.0	10.8	25.0	1.6	77	2:5
INDIAN DYESTUFF,100	03/90	9.41	38.71	511.37	650.00	775.00	430.00	44.4	46.0	14.6	14.0	2.2	80	1:4
INDIAN HOTEL,10	03/90	14.79	51.27	44.67	92.00	127.50	85.00	7.8	-1.0	11.8	25.0	2.7	89	1:2
INDIAN ORGANIC,10	03/91	18.40	29.29	25.92	36.50	86.00	31.25	2.6		14.0	10.0	2.7	85	1:2
INDIAN RAYON,10	06/90	25.40	202.97	89.91	115.00	163.75	107.00	7.8	4.0	14.7	30.0	2.6	80	1:4
INDIAN SEAMLESS,10	03/91	3.86	7.04	28.24	142.50	165.00	72.50	14.6		9.8	25.0	1.8	89	3:4
INDOGULF FERT,10	03/90	164.92	0.25	10.02	36.00	47.00	22.50	0.1	-0.2	360.0				
INDU NISSAN,10	03/90	14.00	1.21	10.86	17.50	25.50	12.50	0.2	0.5	87.5	6.0	3.4		
INGERSOLL,10	03/90	15.78	34.25	31.70	305.00	360.00	250.00	9.1	5.3	33.5	25.0	0.8	89	1:1
ION EXCHANGE,10	03/90	3.50	11.10	41.71	77.50	90.00	55.00	2.9	0.7	26.7	13.0	1.7	88	4:5
IPITATA,10	03/90	12.00	-15.79	-3.16	57.00	80.00	22.00	2.9	1.4	19.7				
ITC,10	03/90	66.34	152.27	32.95	161.00	165.50	93.00	7.9	5.7	20.4	37.5	2.3	89	1:1
J.B.CHEMICAL,10	03/91	4.04	13.33	43.00	142.50	207.50	77.00	18.2	17.0	7.8	30.0	2.1		
J.K.INDUSTRIES,10	06/90	14.04	27.86	29.84	84.00	93.75	47.50	11.8		7.1	30.0	3.6	87	1:1
J.K.SYNTHETIC,10	03/90	38.51	129.12	43.53	31.00	79.00	27.00	1.1	-5.7	28.2	20.0	6.5	83	1:3
JAYANT VITAMIN,10	06/90	3.87	5.11	23.20	25.00	44.00	23.00	4.2		6.0	10.0	4.0	87	2:5
KALYANI BRAKES,10	03/90	3.90	-4.84	-2.41	73.00	105.00	42.50	4.0	2.1	18.2				
KALYANI STEEL,10	03/90	4.72	9.05	29.17	260.00	500.00	220.00	19.7	5.7	13.2	75.0	2.9	90	1:1
KELVINATOR,10	06/90	8.40	25.48	40.33	123.75	157.50	92.50	10.8	9.7	11.5	20.0	1.6	89	1:1
KESORAM,10	03/90	11.46	53.78	56.93	93.00	132.50	65.00	2.3		40.4	10.0	1.1	79	1:2
KHODAY DIST,10	03/90	9.00	8.88	19.87	26.00	42.50	25.00	5.9	2.8	4.4	12.0	4.6		
KINETIC ENGG,10	03/90	2.88	22.29	87.40	167.50	240.00	155.00	12.3	7.7	13.6	25.0	1.5	89	1:1
KINETIC HONDA,10	06/90	9.99	7.63	17.64	70.00	95.00	60.00	3.4	4.3	20.6				
KIRL CUMMINS,10	03/90	26.40	41.95	25.89	134.00	148.00	79.00	4.4	2.0	30.5	20.0	1.5	86	1:1
KIRL PNEUMATIC,10	03/90	3.85	11.26	39.30	50.00	85.00	35.00	6.7	1.5	7.5	18.0	3.6		
KIRLOSKAR OIL,10	03/90	5.75	13.16	32.89	72.00	82.50	33.75	5.2		13.8	16.0	2.2	76	3:7
KLOCKNER WIND,10	03/90	4.50	12.31	37.36	182.50	215.00	117.50	13.1		13.9	24.0	1.3	90	1:1
KSB PUMPS,10	03/91	8.70	17.20	29.77	195.00	260.00	170.00	8.2	3.1	23.8	25.0	1.3	89	1:1
LAKME,10	03/90	3.15	9.67	40.70	270.00	300.00	162.50	5.6	4.8	48.2	28.0	1.0	89	1:2
LARSEN TOUBRO,10	03/90	68.09	321.18	57.17	106.00	166.25	90.00	6.3	7.2	16.8	25.0	2.4	86	3:5
LIPTON,10	12/90	15.75	24.51	25.56	129.50	131.00	65.00	3.7		35.0	22.0	1.7		
LLOYD STEEL,10	03/91	5.07	8.59	26.94	45.00	100.00	40.00	9.7		4.6	25.0	5.6	89	1:2
LML,10	03/90	21.42	9.07	14.23	24.00	66.00	12.50	0.2	-0.2	120.0			80	4:5
MACNEILL MAGOR,10	03/90	2.74	39.99	155.95	103.50	106.00	90.00	11.9	8.4	8.7	25.0	2.4		
MADRAS CEMENT,100	03/90	3.02	18.65	717.55	4700.00	5400.00	1900.00	22.5	276.0	208.9				
MADURA COATS,10	03/91	32.71	58.05	27.75	196.00	270.00	150.00	6.8	7.8	28.8	35.0	1.8	90	1:2
MAFATLAL FINE,100	03/91	14.48	21.05	245.37	435.00	690.00	335.00	31.8	6.6	13.7	17.0	3.9	80	1:3
MAFATLAL IND,100	03/91	13.45	55.61	513.46	1000.00	1300.00	550.00	61.5	19.1	16.3	30.0	3.0	78	1:5
MAHIN & MAHIN,10	03/90	19.26	113.23	68.79	65.00	115.00	65.00	8.3	3.3	7.8	25.0	3.8	84	2:3
MAHINDRA NISSAN,10	03/90	19.26	0.15	10.08	16.50	26.00	12.50	-1.5	-2.5					
MAHINDRA UGINE,10	03/90	11.50	26.98	33.46	57.50	85.00	47.50	4.1		14.0	20.0	3.5	88	1:2
MANGALAM CEM,10	03/91	7.11	13.42	28.87	76.25	86.25	45.00	5.8	1.5	13.1	24.0	3.1		
MANGALORE CHEM,10	09/90	59.72	0.17	10.03	11.50	35.00	11.00		-9.8			4.3		
MASTERSHARE,10	06/89	225.00	280.80	22.47	33.25	37.00	19.85	8.3		4.0	18.0	5.4		
MATHER PLATT,10	03/90	23.04	9.15	13.97	30.00	45.00	23.00	1.8	0.7	16.7	22.0	7.3	87	3:5
MAX INDIA,10	03/90	2.79	6.17	32.11	86.25	100.00	86.25	5.5	2.0	12.0	30.0	4.5		
MAZDA INDUST,10	11/89	4.32	2.64	16.11	9.25	15.00	5.00	-0.7				14.1		
MCDOWELL,10	03/90	9.99	25.89	35.92	58.00	100.00	58.00	8.9	2.0	6.5	25.0	4.3	86	1:1
MCLEOD RUSSEL,10	03/90	6.25	22.38	45.81	131.25	135.00	90.00	13.9	13.6	9.4	60.0	4.6	89	3:5
METAL BOX,10	03/90	14.68	-26.32	-7.93	8.00	13.75	6.75	-9.4					67	1:2
MILES INDIA,10	03/91	1.28	2.26	27.66	67.50	110.00	50.00	3.2	1.4	21.1	18.0	2.7	89	1:1
MILKFOOD,10	03/90	1.14	4.49	49.39	115.00	185.00	92.50	23.0		5.0	30.0	2.6	87	1:1
MODI INDUSTRIES,10	03/89	3.30	23.65	81.67	15.00	30.00	10.00	-52.6	-1.6			3.2	89	1:5
MODI RUBBER,10	03/90	10.38	52.50	60.58	64.00	95.00	55.00	6.9	3.8	9.3	25.0	3.9	84	2:5
MODI XEROX,10	03/90	19.46	6.50	13.34	75.00	104.00	60.00	3.1	0.5	24.2	16.0	2.1		
MOTOR INDUST,100	12/90	38.05	67.85	278.32	1220.00	1310.00	700.00	39.2	19.4	31.1	14.0	1.1	86	1:1
MRF,10	03/90	3.86	55.04	152.59	540.00	585.00	300.00	32.4	19.2	16.7	80.0	1.1	75	1:2
MUKAND, 10	03/91	14.74	99.82	77.72	157.50	242.50	141.00	7.9	5.7	19.9	30.0	1.9	88	1:2
MYSORE CEMENT,10	03/90	19.23	97.87	60.89	66.00	68.00	11.00	-3.9	1.2	17.3		9.2	85	2:5
NAGAR FINANCE,10	03/90	2.43	4.87	30.04	14.50	22.50	13.00	7.1	3.2	2.0	25.0	17.2		
NATION PEROXIDE,100	03/90	2.30	7.18	412.17	1700.00	1775.00	525.00	-19.1	-80.4		6.0	0.4		
NATIONAL RADIO,100	03/90	6.96	3.75	153.72	532.50	700.00	275.00	14.0		38.0				
NESTLE,10	12/89	36.52	5.70	11.56	141.25	158.75	121.25	3.9		36.2	30.0	2.1	89	3:5
NIRLON,10	03/90	15.76	-23.74	-5.06	19.00	37.00	17.50	-11.8	-5.8				82	1:2
NOCIL,100	03/91	36.00	131.20	464.44	1140.00	1850.00	925.00	99.3	37.9	11.5	40.0	3.5	86	1:2
ORISSA CEMENT,10	03/90	5.40	47.44	97.85	170.00	185.00	55.00	2.5	0.5	68.0	20.0	1.2	87	1:1
ORKAY,10	03/90	66.29	51.65	17.79	26.75	47.00	19.00	0.2	0.5	133.8		17.5		
OSWAL AGRO,10	06/89	96.72	81.67	18.44	38.00	72.50	36.00	2.8	2.1	13.6	50.0	13.2	87	3:5
OSWAL FURANE,10	03/90	18.00	0.15	10.08	18.00	35.00	16.50	-2.5		90.0				
OTIS ELEVATORS,10	03/90	5.37	20.34	47.88	210.00	245.00	170.00	7.5	3.5	28.0	25.0	1.2	85	1:1
PARKE DAVIS,10	03/90	7.53	4.08	15.42	72.50	122.50	68.50	3.7	4.2	19.6	35.0	4.8	90	3:5
PEICO,10	03/91	33.32	62.16	28.66	86.00	90.00	45.00	8.3	2.9	10.4	20.0	2.3	82	1:5
PFIZER,10	03/90	11.72	16.91	24.43	70.00	156.25	60.00	2.3	1.8	30.4	20.0	2.9	77	4:5
POLYCHEM,10	03/90	6.00	17.30	38.83	65.00	106.72	57.53	11.5	4.1	5.7	25.0	3.8	90	1:2
POLYOLEFINS,100	03/91	19.30	64.83	435.91	1110.00	1450.00	850.00	83.2	33.8	13.3	40.0	3.6	88	1:2
PONDS,10	12/90	10.01	19.26	29.24	228.75	235.00	155.00	7.6		30.1	37.5	1.6	90	1:2
PREMIER AUTO,10	06/90	22.75	112.26	59.35	44.00	79.00	32.00	7.5		5.9	30.0	6.8	86	1:1
PROCTER & GAM,10	06/90	6.68	11.68	27.49	245.00	340.00	210.00	6.7	5.3	36.6	30.0	1.2	88	4:5
PSI DATA,10	03/90	6.50	-5.27	1.89	21.00	27.50	9.00	-19.1				11.0		
RALLIS,10	03/90	9.52	35.58	47.37	75.00	135.00	75.00	1.9	3.3	39.5	10.0	1.3	77	3:1
RANBAXY,10	03/91	9.11	41.37	55.41	190.00	197.50	95.00	13.3	6.6	14.3	25.0	1.3	88	2:5
RAYMONDS,10	03/90	22.47	80.46	45.81	157.00	178.00	90.00	8.1	7.2	19.4	20.0	1.3	87	1:1
RECKITT COLMAN,10	12/90	8.40	27.81	43.11	265.00	275.00	207.50	11.1	4.8	23.9	47.5	1.8	88	1.1
REGENCY CERAMIC,10	03/89	5.61	0.25	10.45	14.00	22.00	12.00	0.9	0.7	15.6				
RELIANCE PETRO,10	03/89	86.47	0.48	10.06	39.00	56.50	20.50	0.6		65.0	18.0	4.6		
RELIANCE,10	03/91	152.11	1038.03	78.24	136.50	234.00	91.25	8.3	5.5	16.4	30.0	2.2	83	3:5
REMINGTON,10	03/90	2.67	4.34	26.25	30.00	50.00	30.00	3.3	1.8	9.1	20.0	6.7	86	1:2
REVATHI C.P,10	03/91	1.60	5.41	43.81	97.50	100.00	75.00	9.5		10.3	25.0	2.6	87	1.1
RHONE-POULENC,10	03/90	4.50	14.22	41.60	102.50	118.75	63.75	9.8	3.1	10.5	15.0	1.5		
ROCHE PRODUCTS,10	03/90	4.81	6.23	22.95	59.00	75.00	37.50	2.2	1.9	26.8	12.0	2.0	80	1:3
R MURARKA FIN,10	06/90	4.64	13.17	38.38	32.00	34.00	6.00	10.4	1.5	3.1	20.0	6.2		
S.I.VISCOSE,100	03/90	11.03	38.51	449.14	1350.00	2950.00	1150.00	202.0	63.9	6.7	45.0	3.3	87	1:2
SAMTEL INDIA,10	03/90	3.57	8.07	32.61	19.00	40.00	17.50	-8.4	-2.7	3.5		7.8	88	1:3
SANDOZ,10	12/89	5.30	24.68	56.57	91.25	136.74	80.00	11.2		8.1	18.0	2.0	90	1:2
SANDVIK ASIA,100	12/90	5.78	10.85	287.72	1225.00	1450.00	725.00	87.2		14.0	30.0	2.4	84	1:1
SCINDIA,20	03/90	18.95	-40.86	-23.12	12.00	13.50	7.00	-23.6	-3.8				77	2:5
SEARLE,10	03/91	5.22	20.79	49.83	132.50	155.00	110.00	7.9	4.9	16.8	22.0	1.7	88	1:2
SESA GOA,10	03/90	5.15	12.25	33.79	263.75	267.50	99.50	6.7	9.5	39.4	18.0	0.7	86	2:5
SHAW WALLACE,10	03/90	12.00	37.90	41.58	126.00	163.00	78.00	12.7	6.3	9.9	42.5	3.4	87	1:1
SIEMENS,10	03/90	20.77	61.17	39.45	142.50	148.00	113.00	4.4	4.0	32.4	30.0	2.1	86	1:4
SILTAP CHEMICAL,10	07/90	1.80	-0.76	5.78	140.00	140.00	65.00	0.4	-3.4	350.0				
SIPTA COATED,10	03/91	17.59	7.77	14.42	14.00	30.00	13.00	0.2		70.0		9.4		
SKF BEARINGS 100	03/90	24.70	52.45	312.35	2310.00	2775.00	1630.00	84.0	50.7	27.5	15.0	0.6	89	1:1
SOUTHERN PETRO,10	03/90	34.00	292.60	96.06	52.50	75.00	34.00	6.8	1.3	7.7	16.0	3.0	86	1:1
SPARTEK,10	03/90	4.56	5.91	22.96	66.00	75.00	45.00	6.8	3.8	9.7	18.0	2.7	89	3:5
SPECIAL STEEL,10	03/91	11.39	24.17	31.22	175.00	250.00	125.00	11.1	5.2	15.8	25.0	1.4	89	1:2
SRF,10	09/89	10.33	22.69	31.97	40.00	65.00	32.50	4.2		9.5	18.0	4.5	82	1:2
STANDARD IND,10	03/90	11.06	36.78	43.25	91.00	120.00	51.25	1.2	1.9	75.8	20.0	2.2	82	2:5
STANDARD MOTOR,10	03/88	4.37	3.96	19.11	15.75	26.00	11.50	-18.1				15.8	85	1:1
STRAW PRODUCTS,10	03/90	10.14	77.87	86.79	147.00	165.00	95.00	7.2	4.4	20.4	30.0	2.0	72	1:2
SU-RAJ DIAMOND,10	03/90	7.66	9.72	22.69	34.00	57.50	32.00	14.2	5.2	2.4	25.0	7.4		
SUND CLAYTON,10	05/90	9.48	23.99	35.31	42.00	65.00	36.00	0.1	1.1	420.0		5.4	87	2:3
SUND FASTENERS,10	03/90	5.10	13.30	36.08	99.00	137.50	86.00	9.3	2.6	10.6	27.5	2.8	88	3:5
SUND FINANCE,10	03/90	6.00	23.62	49.37	64.00	73.00	48.00	15.3		4.2	30.0	4.7	90	1:1
SUPREME INDUST,10	06/90	2.27	13.47	69.34	315.00	350.00	181.25	20.3	9.7	15.5	45.0	1.4	87	1:1
SWAD POLYTEX,10	03/90	3.90	11.77	40.18	38.00	90.00	35.00	4.6	1.3	8.3	17.5	4.6		
SYNTH & CHEM,10	03/90	11.42	9.75	18.54	49.00	65.00	38.75	4.3	2.7	11.4	25.0	5.1		
TATA CHEMICALS,10	03/91	73.76	236.40	42.05	70.50	117.00	60.00	6.0	2.2	11.8	25.0	3.5	89	1:2
TATA LOCO,10	03/91	103.67	479.21	56.22	226.25	266.25	147.50	13.7	5.1	16.5	40.0	1.8	82	2:5
TATA OIL,10	03/91	9.73	28.89	39.69	73.75	150.00	56.00	5.8	2.9	12.7	20.0	2.7	90	4:5
TATA POWER,100	03/90	21.22	76.04	458.34	1585.00	13650.0	810.00	56.9	28.0	27.9	20.0	1.3	75	1:5
TATA PRESS,10	03/90	1.57	5.62	45.80	48.75	75.00	32.50	-3.6		10.9	10.0	2.1		
TATA STEEL,10	03/91	229.43	1191.90	61.95	174.00	230.00	132.00	7.0	3.3	24.9	31.0	1.8	86	2:5
TATA TEA,10	03/91	17.10	143.64	94.00	325.00	450.00	231.00	30.2	16.3	10.8	101.0	3.1	88	3:5
TATA UNISYS,10	03/91	4.38	14.20	42.42	165.00	200.00	130.00	15.4	4.3	10.7	30.0	1.8	87	2:5
TEXMACO,10	03/90	1.87	11.06	69.14	57.00	84.00	41.00	-67.0						
TINPLATE,10	03/90	10.14	12.16	21.99	40.00	47.50	27.50	2.5	-4.3	16.0	15.0	3.8		
TUBE INVESTMENT,10	03/90	6.71	28.62	52.65	80.00	95.00	65.00	6.7	3.1	11.9	24.0	3.0	85	1:3
TUTICO ALKALIES,10	03/90	12.94	0.20	10.15	15.50	17.00	9.00	1.1	-0.8	14.1		44.4		
TVS SUZUKI,10	03/89	23.10	-5.50	7.62	14.50	26.00	11.00	1.3		11.2				
TWENT.CENT,10	03/90	8.88	12.44	24.01	31.00	52.00	26.25	4.5		6.9	22.0	7.1	88	2:5
U.B.LTD.,10	03/90	4.00	50.45	136.12	58.00	76.25	37.00	8.1		7.2	20.0	3.4	86	1:1
UNION CARBIDE,10	03/91	32.58	38.16	21.71	44.50	59.00	30.50	4.1		10.9	15.0	3.4	80	1:2
UNIT PHOSPHORUS,10	03/91	3.55	9.14	35.75	172.50	172.50	45.00	16.2	2.6	10.6	25.0	1.4		
UPCOM CABLES,10	03/89	5.92	1.86	13.18	13.00	27.00	11.50	4.3	-0.8	3.0	20.0	15.4		
VAM ORGANIC,10	03/90	5.18	20.35	49.44	165.00	195.00	111.25	15.7	5.7	10.5	35.0	2.1		
VIDEOCON INT,10	03/90	4.23	6.91	26.34	182.50	530.00	145.00	66.2	37.0	2.8	40.0	2.2		
VINDHYA TELE,10	03/91	3.90	21.06	64.00	67.50	135.00	57.50	2.8	1.4	24.1	24.0	3.6		
VOLTAS,100	03/91	19.85	74.92	477.43	117.50	140.00	95.00	92.2	5.8	1.3	27.0	23.0	89	1:2
VST INDUSTRIES,10	03/91	9.65	35.76	47.06	105.00	165.00	45.00	24.2	9.1	4.3	45.0	4.3	89	3:5
WALCHAND,100	09/89	3.00	2.46	182.00	27.50	32.50	16.25	-11.2		10.5			82	1:2
WARREN TEA,10	03/90	3.90	11.49	39.46	142.50	180.00	107.50	20.9	18.3	6.8	70.0	4.9	89	1:1
WIMCO,10	03/90	13.58	5.51	14.06	28.25	44.00	17.00	-2.9	0.7				70	1:5
Z F STEERING,10	03/90	2.25	1.02	14.53	43.00	80.00	37.50	2.0	1.1	21.5	12.5	2.9		
ZENITH,10	03/90	9.15	-11.20	-2.24	26.00	52.00	23.00	-28.4	-11.9	9.2	30.0	11.5	87	1.4
ZUARI,10	03/91	12.43	64.25	61.69	78.75	95.00	62.50	9.0	4.2	8.8	32.5	4.1		

Note: EPS: This represents the earnings after tax for the full year divided by the number of shares outstanding. EPS half year: after tax earnings per share for six months taking into account announced half yearly profits. PE: ratio of market price to after tax per share. Yield: dividend as a percentage of market price.

GSFC

FINANCIAL HIGHLIGHTS

BASED ON AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31ST MARCH, 1991.

(RUPEES IN CRORES)

PARTICULARS	1990-91 Year ended 31-3-1991	1989-90 Previous year ended 31-3-1990
SALES AND OTHER INCOME	**751.60**	**693.37**
MATERIALS & MANUFACTURING EXPENSES	514.44	439.58
PERSONNEL EXPENSES	37.05	31.24
INTEREST	33.95	21.10
GROSS PROFIT	**112.90**	**86.03**
PROVISION FOR DEPRECIATION	43.93	23.75
PROVISION FOR TAXATION	4.30	10.94
PROFIT AVAILABLE FOR APPROPRIATION	**64.67**	**51.34**
CAPITAL	59.94	44.76
RESERVES & SURPLUS	381.31	335.70
NET WORTH	441.25	380.46
LOAN FUNDS	474.15	248.46
CAPITAL EMPLOYED	915.40	628.92

Gujarat State Fertilizers Company Limited
P O Fertilizernagar - 391 750 Dist. : Vadodara - Gujarat.

GSFC—From Fertilizers to Petrochemicals, Industrial Gases, Plastics and Fibres.

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DEBENTURES

Company	Face Value	Market lot	Type	Rate %	Size Rs lakhs	Price Rs	Date	Yield %	Interest due date	Redemption date	Book closure
ASEA	100	10	NCD	13.5	252.0	85.00	04/06/90	15.88	30.6,31.12	17/9/93	17/06/91
ASHOK LEY.A	64	5	NCD	13.5	521.0	55.00	20/06/91	15.71	31.3,30.9	3/4/96	16/03/91
ASHOK LEY.B	64	5	NCD	13.5	1043.0	55.00	20/06/91	15.71	31.3,30.9	3/4/96	16/03/91
ASHOK LEY.C	100	5	NCD	15.0	815.0	105.00	29/04/91	14.29	31.3,30.9	3/4/91	16/03/91
ATASH IND	75	10	CD	15.0	390.0	66.00	20/06/91	17.05	31.1,31.7	17/3/94	21/01/91
BATLIBOI	100	25	NCD	15.0	510.0	95.00	23/05/91	15.79	30.4,31.10	11/4/93	01/04/91
BIRLA JUTE	200	5	NCD	13.5	999.0	170.00	20/06/91	15.88	30.9,31.3	7/2/96	12/03/91
BLUE BLEND	200	10	NCD	13.5	625.0	164.00	07/06/91	16.46	31.1,30.6	4/11/96	18/06/91
CONT. CONST.	100	10	NCD	15.0	80.0	65.00	30/04/91	23.08	1.1,1.7	4/10/95	16/03/91
DR REDDY'S	100	10	CD	15.0	163.0	89.00	07/06/91	16.85	30.6,31.12	4/6/96	18/06/90
DUNLOP	150	5	NCD	13.5	120.0	135.00	05/12/89	15.00	15.7,15.1	30/6/89	17/12/90
E.I.HOTELS	50	10	NCD	13.5	1566.0	42.00	06/05/91	16.07	10.4,10.10	10/4/94	01/03/91
ELECON ENG	45	5	NCD	13.5	247.0	40.00	05/12/89	15.19	30.6,31.12	12/3/94	05/03/91
ESSAR SHIP	75	10	NCD	13.5	100.0	75.00	06/05/91	13.50	31.3,30.9	15/4/94	26/12/91
F.G.P.	100	5	NCD	13.5	168.0	90.00	11/05/90	15.00	31.3,30.9	19/11/92	19/03/91
FERRO ALLOY	190	2	NCD	13.5	750.0	170.00	31/08/89	15.09	30.6,31.12	30/6/91	06/06/91
FORBES	100	10	NCD	13.5	600.0	92.50	12/06/91	14.59	1.4,1.10	2/4/94	09/03/91
GARDEN SILK	100	10	NCD	12.5	300.0	73.75	23/05/91	16.95	31.3,30.9	31/3/97	01/03/91
GRASIM IND	96	5	NCD	13.5	100.0	85.00	13/05/91	15.25	31.3	30/6/97	15/03/91
GUJ ALKALI	140	5	NCD	13.5	700.0	97.50	13/05/91	19.38	28.2,31.8	1/8/93	16/07/91
HIND FERODO	100	5	CD	13.5	206.0	80.00	22/05/90	16.88	30.6,31.12	14/12/92	11/06/91
HOECHST	100	5	NCD	15.0	383.0	99.00	25/04/91	15.15	1.5,1.11	14/9/91	04/04/91
I.T.C.	500	1	NCD	15.0	2987.0	575.00	06/06/91	13.04	1.7	30/6/91	24/06/91
IND HOTEL	75	10	NCD	13.5	1123.0	70.00	13/05/91	14.46	1.4,1.10	26/4/92	22/02/91
IND HOTEL	100	10	NCD	12.5	2708.0	86.00	25/04/91	14.53	15.6,15.12	14/6/94	01/06/91
IND RAYON	80	5	NCD	12.0	801.0	51.25	09/01/90	18.73	30.6,31.12	6/4/93	14/06/91
IND RAYON	112	5	NCD	13.5	1668.0	90.00	07/06/91	16.80	30.6	18/2/95	14/06/91
J.K. SYNTH	120	4	NCD	13.5	1875.0	97.50	14/05/91	16.62	1.1,1.7	1/4/92	14/06/90
JINDAL STR	100	10	NCD	15.0	600.0	95.00	21/06/91	15.79	30.6,31.12	14/4/94	17/06/91
KALY STEEL	100	5	NCD	15.0	67.0	105.00	05/12/88	14.29	30.6,31.12	7/6/91	01/12/90
KESORAM	90	5	NCD	13.5	1890.0	70.00	27/03/91	17.36	31.3,30.9	11/3/95	05/03/91
KLOCK WIND	100	10	CD	13.5	138.0	86.25	30/04/91	15.65	31.3,30.9	30/6/93	16/12/91
KOTH FOOD	80	10	CD	15.0	475.0	50.00	30/04/91	24.00	31.3,30.9	30/6/91	01/03/91
L & T RTC	48	5	CD	13.5	360.0	55.00	18/01/91	11.78	1.1,1.7	30/6/90	15/06/91
LAKME	75	10	NCD	13.5	125.0	70.00	28/06/90	14.46	30.6,31.12	9/4/94	17/05/91
LML	115	5	CD	13.5	828.0	80.00	12/01/89	19.41	30.4	30/6/91	30/04/90
LYKA LABS	100	10	NCD	15.0	240.0	85.00	23/05/91	17.65	30.6,31.12	30/6/93	15/06/91
MAZDA IND	100	10	NCD	13.5	625.0	44.00	07/06/91	30.68	1.4,1.10	5/4/93	31/03/91
MUKAND	125	5	NCD	13.5	437.0	112.50	14/05/91	15.00	1.1,1.7	30/6/88	12/06/91
PRESTIG FOOD	100	10	NCD	13.5	25.0	70.00	12/07/90	19.29	31.12,30.6	30/6/92	20/06/91
RAYMOND WOOL	240	1	CD	12.0	192.0	270.00	01/02/90	10.67	31.3,30.9	30/6/89	14/03/91
RAYMOND WOOL	400	1	NCD	13.5	1920.0	385.00	19/06/91	14.03	31.10	30/10/92	17/09/90
REL F CUM	100	10	NCD	15.0	27000.0	215.00	23/05/91	6.98	28.2,30.9	30/9/95	25/01/90
RELIANCE E	100	5	NCD	13.5	5333.0	84.00	21/06/91	16.07	30.4	30/6/97	25/03/91
RELIANCE F	100	10	NCD	15.0	3000.0	102.00	23/05/91	14.71	20.2,31.8	30/9/95	25/01/91
REL.PETRO B	40	10	CD	12.5	1045.0	89.00	21/06/91	5.62	31.5,30.11		15/05/91
REL.PETRO C	150	10	CD	12.5	3920.0	135.50	21/06/91	13.84	31.5,30.11	30/10/95	15/05/91
RHONE POULENC	100	5	NCD	15.0	300.0	100.00	28/05/90	15.00	1.4,1.10	9/9/94	17/06/91
SANDOZ	100	10	NCD	13.5	69.0	92.00	21/05/91	14.67	30.6,31.12	24/4/95	11/06/91
STEELAGE	100	10	NCD	13.5	132.0	82.50	14/06/91	16.36	1.5,1.11	30/6/94	25/04/91
TATA PRESS	120	5	NCD	13.5	195.0	105.00	20/05/91	15.43	31.3,30.9	11/11/96	01/03/91
TATA STEEL	200	5	NCD	13.5	2011.0	197.50	13/06/91	13.67	1.4,1.10	1/3/92	11/03/91
TATA STEEL	600	5	NCD	12.0	25705.0	517.50	23/05/91	13.91	1.2		11/01/91
TATA UNISYS	100	10	CD	12.0	250.0	82.50	14/06/91	14.55	1.1,1.7	30/6/98	31/05/91
TITAN WATCH	200	10	NCD	13.5	1312.0	180.00	14/06/91	15.00	15.6,31.12	5/3/97	16/05/91
TRANSPORT CO	100	10	NCD	15.0	400.0	85.00	12/06/91	17.65	31.3,30.9	30/6/93	16/03/91
TTK PHARM	100	10	NCD	15.0	143.0	90.00	04/06/91	16.67	30.5,30.11	1/3/92	23/05/91
TWENT CENT	100	5	NCD	13.5	300.0	70.00	09/05/91	19.29	30.4,31.10	23/8/90	16/04/91
UNITECH	100	15	NCD	15.0	264.0	90.00	20/06/91	16.67	30.6,31.12	25/4/94	13/06/91
UNIV LUGGAGE	100	10	NCD	15.0	250.0	75.00	14/05/91	20.00	1.6,1.12	26/3/96	14/05/91
USHA MARTIN	100	5	NCD	13.5	934.0	85.00	20/06/91	15.88	31.3,30.9	29/10/95	02/03/91
V.I.P. IND	100	10	NCD	15.0	960.0	95.00	14/06/91	15.79	31.1,31.7	22/4/93	28/06/91
VARELI TEXT	100	10	NCD	15.0	862.0	80.00	02/02/90	18.75	31.3,30.9	30/6/93	09/09/89
VARUN SHIP	100	10	NCD	15.0	175.0	92.50	17/06/91	16.22	31.5,30.11	20/8/93	17/05/91
VOLTAS	300	1	NCD	15.0	300.0	150.00	29/05/90	30.00	28.2,31.8	1/3/91	14/06/91
VOLTAS	150	2	CD	13.5	500.0	137.50	02/12/88	14.73	30.6,31.12	30/6/91	14/06/91
W.I.ENTER	100	5	CD	15.0	615.0	85.00	13/05/91	17.65	1.10,1.4	12/6/95	16/03/91
ZENITH	90	10	NCD	13.5	480.0	44.00	05/06/91	27.61	1.5,1.11	20/7/92	22/10/90

Note: CD: convertible debenture; NCD: non-convertible debenture including debentures that were earlier partially convertible for which the conversion is over.
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The winning quartet

Save for National Peroxide that spurted by 30 per cent and Grasim that stayed put, all the other scrips registered slight declines. For the contest under review (IC345), we have four winners — Tejinder Marwaha, Sudhir Pillai, Prasad Kushe and T.S. Negi. Handshakes to you.

Scrips	Prices as on Friday 17 May 1991 (Rs.)	Prices as on Monday 17 June 1991 (Rs.)	Ranks
Grasim	244.00	245.00	2
Indian Aluminium	172.50	160.00	6
Kinetic Engg	178.75	167.50	5
National Peroxide	1,225.00	1,600	1
Tisco	193.00	182.00	4
Titan Watches	84.00	81.00	3

Given here is a new list of six scrips, and their closing prices on 2 July 1991. Pick the share that you think will rise the most in percentage terms by 1 August 1991 and rank it number one. Then choose the one that you expect will rise the second most and rank it number two. Then number three, and so on till rank six. It's as simple as that!

So, in this Investor Contest, you don't have to predict the price of shares; you merely have to rank the performance (in percentage terms) on the basis of the prices you expect each to reach on 1 August 1991. You don't have to tell us the prices nor even the percentage changes you expect — only fill in the ranks from one to six.

Please note that if you assign the same rank to two scrips, then the following one should be ranked the next consecutive number. For example, if you rank two shares at number three, the next will be number four (in which case, of course, your last rank will be five).

Rules:

1. There is no entry fee.

2. The price mentioned last in the official quotation list will be taken as correct for the purposes of calculation. If the stock exchange remains closed on the stated last day, the closing price on the prior day will be used.

3. Entries must be on the printed form given below. Any other entries will be disqualified.

4. Only one entry will be permitted per form.

5. Envelopes sent in should be marked Investor Contest. All entries should be sent to: Investor Contest, **Business India**, Wadia Building, 17/19 Dalal Street, Bombay 400 001, by 5 pm, 26 July, 1991.

6. Business India's decision on the winning entries is final and binding, and no correspondence in this regard will be entertained.

7. The contest is open only to residents of India. No employee (or any direct relation of an employee) of the **Business India group of publications** is entitled to enter the contest.

8. The prize of Rs.5,000 will not be carried forward if there is no winner. In the event that there is more than one winner, the prize will be shared equally.

Name of scrip	Prices as on Tuesday 2 July 1991 (Rs.)	Rank as on Thursday 1 Aug 1991 (please fill in number)
Excel Industries	300.00	
Zuari Agro	75.00	
GKW	30.00	
Hero Honda	78.75	
S.M. Dyechem	68.75	
Wires & Fabriks	91.00	

Name: _____

Address: _____

Age: _____

Profession: _____

Date: _____

IC348



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- **HAL Complex, Karwa**
- **Udyan a 4000 house Mini township, Lucknow**
- **Sanjay Complex, Agra**
- **15-Storeyed Kausambhi blocks, Ghaziabad**
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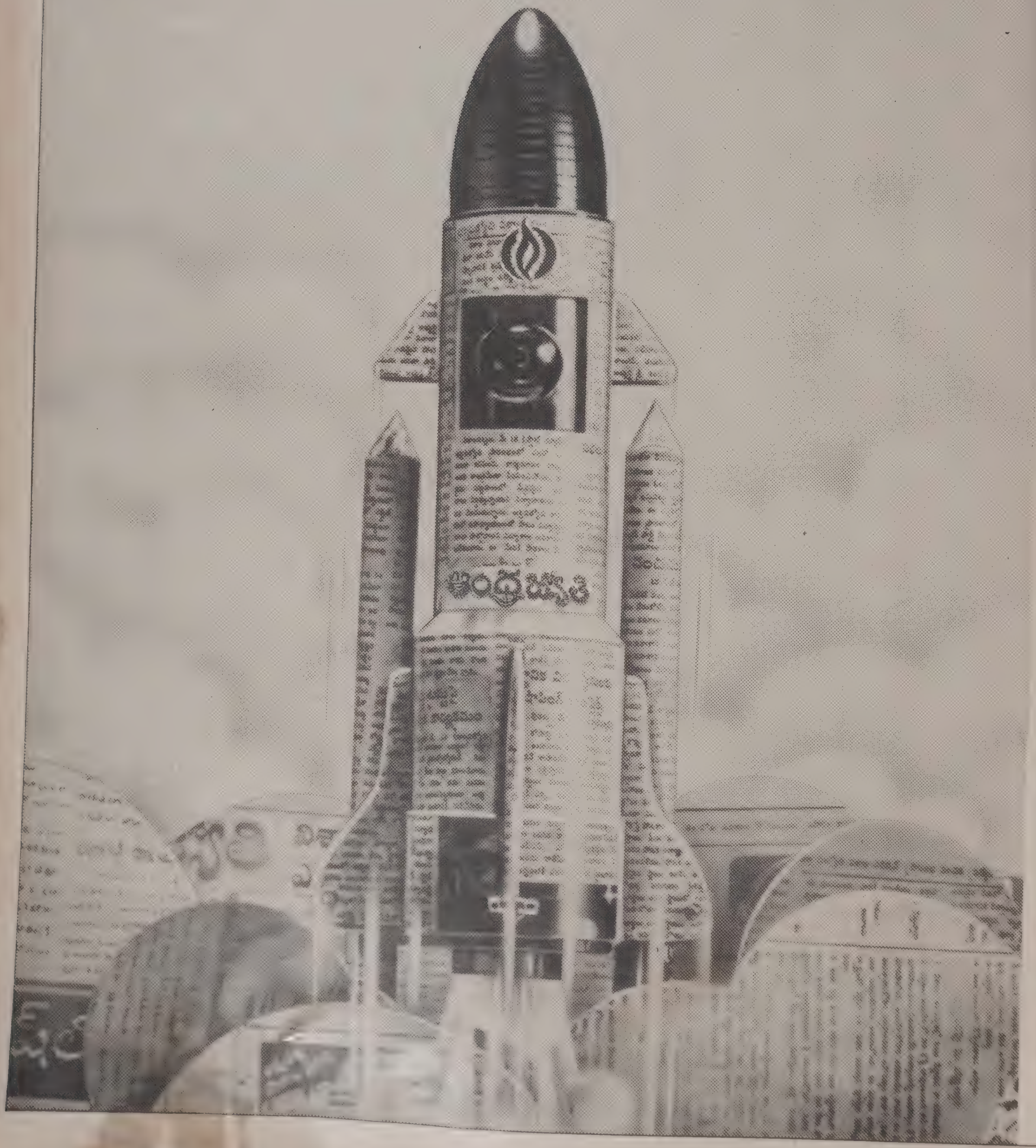
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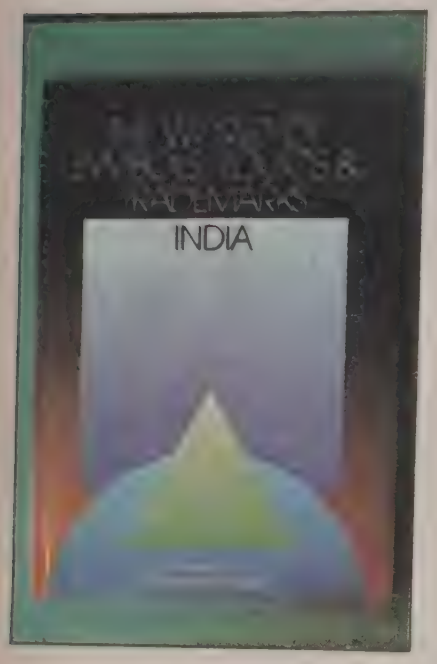
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In praise of Indian design



THE WORLD OF SYMBOLS/LOGOS & TRADEMARKS: INDIA
Edited by Sudarshan Dheer
Grantha Corporation USA, Designscope and Super Book House, Bombay, 1991, pp.195

In India we are used to symbols — from symbols in our rituals to typographic forms in our diverse dialects and languages. It is not surprising, therefore, to see proof, in this book, of the excellent standards our designers have attained in solving communication problems through the use of symbols based on geometric forms, numerical letter forms, calligraphy, lines and dots. This is very encouraging, and one must say, we are the best. And to hell with modesty.

Among the designers featured, we have Yashwant Chowdhery, R.K. Joshi, Sudarshan Dheer, Panna Jain, Binoy Sarkar, Preeti Vyas, Rohit Modi, Arun Kale, S.S. Sathaye, Ravi Poovaiah and Bharat Chavan. They have done consistently good work, year after year, project after project. The companies where designers can hope to find appreciation for their skill in developing corporate identity programmes would include Escorts, CRY, ITC Hotels, Larsen & Toubro, State Bank, NID, BEST, DTC, Indian Airlines and Taj Mahal Hotels.

Untapped reservoir

This book has only scratched the surface of the vast, untapped reservoir of talent and art buyers. A good design is a result of an equal partnership between the creative mind and the creative and responsive buyer. Companies, builders, architects and town planners owe it to themselves and to their target audiences to appreciate, encourage and implement good design. In this world of pollution let us at least not create visual clutter. And if designers take their job more seriously they can influence decision-makers to consider what good design can do for aesthetics, besides being functional. After all, money is being spent in creating visual mess. Why not utilise some of it to create a better looking environment and better communication?

Logos and symbols are not necessarily confined to companies engaged in business, trading and manufacturing. Environment and architectural graphics are becoming equally important. Graphics can enhance, or ruin, the finer aspects of a park, a building, or a residential or commercial complex.

Some of the projects executed by Bharat Chavan, Ravi Poovaiah and Sudarshan Dheer are excellent examples of how graphics can inform, regulate, restrict or direct the public without sacrificing aesthetic appeal.

If designers take their job more seriously they can influence decision-makers to consider what good design can do for aesthetics... After all, money is being spent in creating visual mess

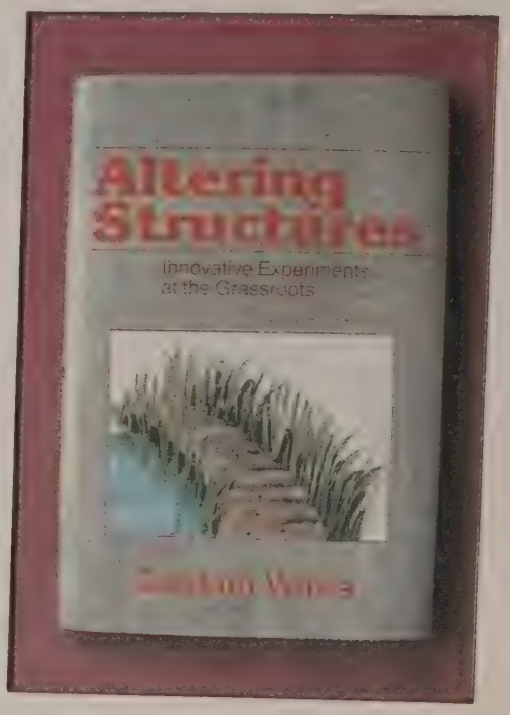
Sudarshan Dheer needs to be commended for putting this book together. This reviewer recalls how he personally approached each one of us designers and encouraged us to contribute; and one hopes he will continue to bring designers together.

One last thing — was there any need to get this book printed in Singapore? If we have such good talent in design we also have excellent printing facilities for book production. A book on Indian graphic design capabilities and corporate culture should only be handled by Indian printers. Otherwise, we will be contradicting our own sincerity. ■

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Agents of development



ALTERING STRUCTURES: INNOVATIVE EXPERIMENTS AT THE GRASSROOTS
By Gautam Vohra
TISS, Bombay, 1990, pp 225, Rs.100

Voluntary agencies (VAs) have a long and distinguished lineage in India, dating back to the pioneering experiments of Tagore and Gandhi.

There are thousands of VAs spread all over the country. Collectively, they receive aid to the extent of Rs.800 crore annually from indigenous and foreign sources. This, together with their dynamics, innovativeness and fight against vested interests, has generated a major debate as to their long-term and cumulative impact on the country's political economy — a debate involving the government, political parties, international development agencies and intellectuals. The book under review is a contribution to this ongoing debate.

In-depth studies

Authored by Gautam Vohra — a researcher and activist in the voluntary sector — the book comprises in-depth studies of four VAs: Banwasi Seva Ashram (Uttar Pradesh), Rural Development Association (West Bengal and Bihar), Mysore Resettlement and Development Agency (Karnataka, Tamil Nadu, Andhra Pradesh, Orissa and Meghalaya) and Mahiti (Gujarat). They represent the Gandhian, Marxist, church-related and eclectic ideological tendencies respectively. Each agency is analysed in terms of

ts economic and afforestation programmes, fight against vested interests, people's organisations, involvement of women, ideology and replicability. Budgetary details are also provided except in the case of the RDA.

The author views the new VAs as agents of a people-centred, egalitarian, ecologically sustainable and self-reliant strategy of development. He provides ample evidence of the genuine commitment of the VAs he has studied, to the cause of the downtrodden.

The innovative and ecologically benign nature of their programmes is also clearly evident. BSA's success in irrigating a drought-prone area, RDA's forest cooperatives for tribals, MYRADA's waste and development programme and Mahiti's use of plastic-lined ponds to store potable water testify to this. Besides, they have promoted alternative models of energy production and indigenous medicine.

But what critics question is the hope that these initiatives would incrementally give rise to a larger and lasting process of socio-economic transformation. Available evidence does not support such a happy augury.

Measure of success

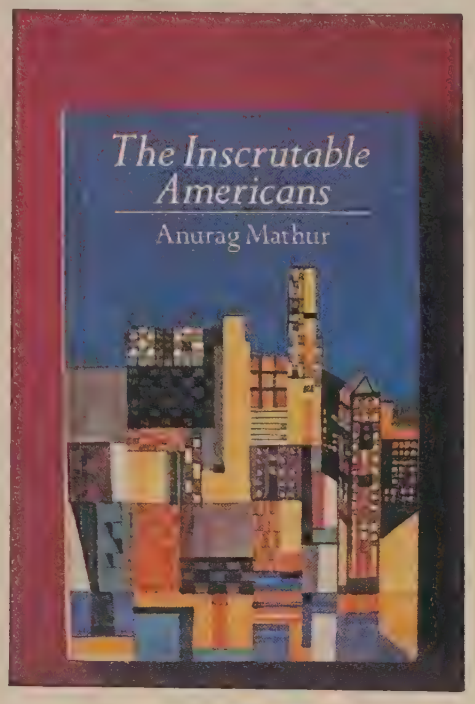
In the absence of unity among the VAs, vested interests can fend off any major challenge to their dominance. Despite this, the agencies discussed in this book have achieved a measure of success in blunting the edge of exploitation by the predatory classes. They have released and rehabilitated bonded labourers, fought for minimum wages and against the corrupt and heavy-handed bureaucracy. Above all, they have striven to give the poor, the will and power to regain control over the land, forest and water resources necessary for their well being.

The real significance of the book lies in highlighting this insight with the aid of abundant, empirical data. Other merits of the study include its truly national scope, its use of a uniform analytical scheme across individual case studies and a jargon free, lucid mode of presentation. Its major weakness is the absence of an overall theoretical framework, systematically relating the work of VAs to the political economy of development in India.

■ MANGESH D. KULKARNI

The reviewer is a lecturer in political science at the S.N.D.T. Women's University, Bombay

Getting their number



THE INSCRUTABLE AMERICANS
By Anurag Mathur
Rupa, 1991, pp.250; Rs.40

The United States of America is possibly the country most familiar to post-Independence Indians, and we have read more American books, seen more American movies and met more American people than those of any other nation. We feel, to use an Americanism, that we have their number.

And yet, this view of the most high-profile nation in the world is essentially polarised between two extreme points — that of the western-educated Indian intellectual, usually a negative view of a crass, materialistic, sick society; and that of the Indian yokel or disguised yokel, of a kind of adult Disneyland, constantly to be compared to India in terms of efficiency, technology, and availability of options, obviously to the latter's disadvantage.

Anurag Mathur's book brings us face to face with the US from a delightfully new angle, that of Gopal, a wealthy, educated small town boy, who looks at the country with a freshness that the intellectual can never regain, and a self-respect that the yokel type never had in the first place. Gopal is hilariously comic, but he is no fool. His innate intelligence sees him through situations that he can analyse later with an openness and clarity which are endearing.

Gopal's year-long stay in the United States, where he comes to round off his education before plunging into the family hair oil business in Madhya Pradesh, is described here as an internal journey on various planes. He arrives as a naive and easily-impressed greenhorn, with only the haziest idea of what he is plunging into. He leaves as a more urbane young man, comfortable with gadgetry and slang, but also with a deeper understanding both of the country of his birth as well as the Land of Hope and Glory.

Basic intelligence

First of all, Gopal (and the author) present us with the paradox of the Indian education system. On the one hand, Gopal finds himself greatly superior to his American classmates in terms of the understanding he has of fundamentals. But the same system that has hammered these fundamentals into him so efficiently, has not given him the freedom or even the ability to progress from these to a stage where he can ask questions and look for answers. But, Gopal's basic intelligence helps him to overcome this, and he begins to revel in analysis, to dare to conjecture, and to excel in class.

This brings him to a second discovery — that of the absence of envy among his classmates, the kind of petty envy that is the bane of the academician in India. Sadly Gopal realises that the brain drain to the West is inevitable, not because of the better quality of life (nothing can compensate having to clean your own toilets, Gopal feels), but because of the absence in western society of this obsessive interest in and envy about one's neighbour, and because of the efficient, civil and well-equipped work environment that is irresistible to the Indian.

A parade of archetypal characters pass through Gopal's life; The Peacock, symbol of the violence that racial discrimination breeds; Randy, all-American fellow-student, whose mission becomes "getting Gopal laid"; a viciously anti-Asian waiter; an aggressively amorous land-lady; Andy, once Anand, who wouldn't go back to India if Rajiv Gandhi gave him a million bucks. Gopal realises that his well-rehearsed platitudes about our glorious heritage and Five Year Plans are totally inadequate to explain what it is that eventually pulls him back home.

A highly readable book, *The Inscrutable Americans* is, like the protagonist Gopal, funny, thoughtful and astute in equal measure.

■ MINI SHRINIVASAN

The reviewer is a short-story writer based in Pune

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EXPORTS

Wanted: global salesmen

The worsening foreign exchange crunch has forced the realisation on Indian industry that it has no option but to focus on exports. Quite suddenly, the search is on for managers who can compete in the international arena for business and bring in those much needed export orders in double-quick time. And naturally enough there are none available.

The export effort, even in the few companies where it has been pursued with some degree of seriousness, has generally been restricted to developing a few chance contacts and ensuring that all the cumbersome formalities are met. The



focus in export departments was therefore on having people who were *au fait* with the procedural aspects and could handle logistical problems rather than on marketing skills. The typical exports executive was one who had earlier handled purchases or imports in the company. At senior levels, this was normally a finance person who could perhaps provide guidance on obtaining duty drawbacks, etc.

Even in the few export oriented companies, managers in the exports department were certainly not those who could be considered as the up-and-comers in the organisation. The 'stars' were reserved for the domestic marketing sector. Over the years, the export function became a victim of top management neglect or inattention. The better or the more ambitious managers moved out of such jobs. The few who remained had limited exposure to true marketing in the global sense. Top executives in the company, often the directors, relied on stray contacts or the odd agent whom they dealt with personally to bring in the minimal export orders.

Multinationals have been constrained to work in the parameters set by their parent companies. This, more often than not, has meant exporting only to those countries which the parent company finds uneconomical to deal with or cannot deal with due to political reasons. Despite their overseas connections, these multinationals proved to be just as lacking in international selling skills as their Indian counterparts.

Developing exports to a substantial level would necessarily mean deploying the best marketing people in this area and away from the bread-and-butter business. This is going to be no easy task for managers, used to sheltered markets or manipulating local situations. Knowledge of sales tax and excise, which is important in the local market, are totally redundant in the international context. Marketers would have to prepare themselves for the consequences and the totally new competitive configuration of a free market.

Several companies are looking to develop exports in unrelated products in which they have no prior experience or track record. Such a diversification in the product portfolio would bring its own pressures on the organisation.

Companies seeking international markets for their own manufactured products would have to focus on better quality and competitive prices. Production managers would need to understand what international quality is all about. Recently, several organisations have created the position of quality director to provide precisely this thrust towards quality consciousness. Traditional quality control jobs in several organisations are undergoing a significant change as the concept of quality 'assurance' assumes importance. And in this area too organisations are discovering that skills for these jobs are virtually non-existent. There is no option but to begin intensive programmes for creating awareness and training.

Despite the fact that a lot more Indian managers today have travelled overseas and have a feel for global markets, very few have an understanding of the environmental and market factors. Managers with even a semblance of understanding of potential export markets and some limited experience are going to be much in demand. The same will be the case with consultants who can provide market knowledge and expertise in setting up export activities — and, of course, the all-important contacts.

Only one

Significantly, the Institute of Foreign Trade in Delhi is the sole institute that trains managers for export jobs. Graduates of this institute are bound to be in greater demand though they may be too inexperienced for senior positions. All other export courses are oriented to the procedural aspects of exports and shipments. Management schools have a somewhat cursory course on international trade. Relevant courses for training both fresh and more importantly middle-level managers is a top priority today.

A major lacuna felt by good marketing managers in dealing with international trade is a better understanding of finance and especially international finance. Competitive pricing and trade terms, together with the need for quick decisions, are vital to clinch a deal. Delegating such decisions would mean changing from a highly centralised style of decision-making, where decisions of consequence can be taken only by the CEO, to a more decentralised one.

Marketing managers may soon need to improve their linguistic skills too. While they may have the advantage of being fluent in English, they cannot in some markets get by with just that. Knowledge of other European languages could be an imperative.

The coming months should see companies scrambling around for the skills that are in short supply. And as they do, a new breed of consultants and training programme conductors will become much-wanted commodities.

■ ANITA RAMACHANDRAN

Senior executive positions

A compilation of executive jobs advertised in **Business India** a other major publications between 17 June and 1 July, 1991.

THE FOUR BEST JOBS

- PRESIDENT (European Multinational) * NS * *Sal* Rs.25,000 to 30,000 pm – perks * *Age/Qlfn* 35-40 years * Electrical/electronic engineer/physicist preferably with MBA * *Reqd* NS * *Cont* Ashok Bahl, Director, Management Services Group, Marble Arch Apartments, 9 Prithviraj Road, New Delhi 110 011 (ToI-24.6)
- CHIEF EXECUTIVE * Near Delhi * *Sal* NS * *Age/Qlfn* NS * NS * *Reqd* Interpersonal skills of high order * *Cont* The Executive Vice-President (Personnel), Siemens Ltd, 130 Pandurang Budkhar Marg, Worli, Bombay 400018 (HT-24.6)
- CHIEF EXECUTIVE * South India * *Sal* Excellent * *Age/Qlfn* 45 years * Qualified textile technologist * *Reqd* At least 5 years experience as head of large spinning and weaving mills * *Cont* CES/MDS/17, M. Madhusudan, Director, ABC Consultants Pvt Ltd, 4 Khader Nawaz Khan Road, Madras 600006 (H-22.6)
- CHIEF EXECUTIVE * South * *Sal* Excellent * *Age/Qlfn* 40-45 years * Degree in agriculture/engineering * *Reqd* 10-15 years experience in agriculture industry * *Cont* G.T. Shahani, Chairman, Apex Management Consulting Group Pvt Ltd, C-1, Ram Square, 2 Village Road, Madras 600034 (BI-24.6)

NATIONAL

- GENERAL MANAGER (R&D) * NS * *Sal* NS * *Age/Qlfn* NS * PG in electrical engineering * *Reqd* 10-15 years in R&D * *Cont* The Deputy Manager (P&A), SLS Power Switchgear Ltd, Porur, Madras 600116 (ToI-17.6)
- DIRECTOR (Finance) * NS * *Sal* NS * *Age/Qlfn* 40 years * CA * *Reqd* Minimum 15 years experience in accounts, finance, company law and taxation * *Cont* Pratibha Sheth, Executive Director, Shilputsi Consultants, P.O. Box No.9386, Bombay 400026 (BI-24.6)
- GENERAL MANAGER (Corporate Advertising) * NS * *Sal* Negotiable * *Age/Qlfn* NS * NS * *Reqd* Experience in senior marketing/advertising position * *Cont* The General Manager (Personnel), Raymond Woollen Mills Ltd, P.O. Jekgram, Thane 400606 (ToI-24.6)
- GENERAL MANAGER (Sales) * Delhi/Bombay * *Sal* Attractive * *Age/Qlfn* Around 35 years * NS * *Reqd* 15 years experience, preferably in consumer durables market * *Cont* Chief Executive, Times of India (4th Floor), Times House, 7, B.J. Marg, New Delhi 110002 (ToI-24.6)

WEST

- CHIEF ENGINEER * Nasik * *Sal* Excellent * *Age/Qlfn* 45 years * Graduate engineer * *Reqd* 20 years in maintenance/engineering function, including 5 in similar function * *Cont* MS/5697, A.F. Ferguson Associates, P.B. No.1786, Bombay 400001 (ToI 17.6)
- ASSISTANT VICE-PRESIDENT (Merchant Banking) * Bombay * *Sal* Attractive * *Age/Qlfn* 30 years * MBA (Finance), CA * *Reqd* 5 years experience * *Cont* LBS/334, Personnel Search Services, H.O. 71-A, Mittal Chambers, Nariman Point, Bombay 400021 (ToI-17.6)
- GENERAL MANAGER * Lonavala * *Sal* Best compensation * *Age/Qlfn* NS * Engineer with management qualifications * *Reqd* 10 years senior level experience * *Cont* The Secretary, The Antifriction Bearing Corporation Ltd, 402-B, Poonam Chambers, Worli, Bombay 400018 (ToI-17.9)
- VICE-PRESIDENT (Technical) * Gujarat * *Sal* NS * *Age/Qlfn* 45-55 years * Engineer preferably mechanical/chemical * *Reqd* 20 years relevant experience including 5-6 years as head of technical functions * *Cont* Director-in-charge, Torrent Gujarat Biotech Ltd, Torrent House, Ashram Road, Ahmedabad 380009 (ToI-24.6)
- GENERAL MANAGER (Technical) * Bombay * *Sal* Attractive * *Age/Qlfn* 40-45 years * Graduate mechnical/chemical engineer * *Reqd* Exposure to resin and polymer technology * *Cont* The Director (Personnel), Hindustan Ferrodo Ltd, LBS Marg, Ghatkopar, Bombay 400086 (ToI-24.6)

NORTH

- CHIEF EXECUTIVE (Software Company) * near Delhi * *Sal* NS * *Age/Qlfn* NS * NS * *Reqd* Experience in software business at senior executive level * *Cont* 'CEO', The Executive Vice-President (Personnel), Siemens Ltd, 130 Pandurang Budhkar Marg, Worli, Bombay 400018 (ToI-24.6)
- GENERAL MANAGER (P&A) * near Delhi * *Sal* Attractive * *Age/Qlfn* 38-45 years * Personnel management professional preferably with MBA * *Reqd* 10-15 years experience at management level * *Cont* A.K. Malta, Senior Manager, GMP/DEL/1220, ABC Consultants Pvt Ltd, 209 Meghdoot, 94 Nehru Place, New Delhi 110019 (ToI 17.6)
- GENERAL MANAGER * Delhi * *Sal* Very attractive * *Age/Qlfn* 35-40 years * Preferably engineer with MBA * *Reqd* Around 10-15 years experience preferably in international trading * *Cont* STI International Ltd, 512 A, 5th Floor, Tolstoy House, 15-17 Tolstoy Marg, New Delhi 110001 (BI-24.6)

SOUTH

- GENERAL MANAGER (Marketing) * Madras * *Sal* Rs.2 lakh * *Age/Qlfn* 40 years * PG/diploma in marketing management * *Reqd* 10 years experience in selling fast moving food products * *Cont* The Recruitment & Training Division, Besant Raj Consultants (P) Ltd, 35 Second Cross Street, Ramakrishnan Nagar, Madras 600028 (S-21.6)
- GENERAL MANAGER (Exports) * Madras * *Sal* Rs.2 lakh * *Age/Qlfn* 40 years * PG in foreign trade/international economics/business administration * *Reqd* 10 years experience in marketing, a major part of which should be in exports * *Cont* The Recruitment & Training Division, Besant Raj Consultants (P) Ltd, 35 Second Cross Road, Ramakrishna Nagar, Madras 600028 (S-21.6)

OVERSEAS

- GENERAL MANAGER * East Africa * *Sal* Attractive – perks * *Age/Qlfn* 35-45 years * At least one masters degree in engineering, business administration or similar * *Reqd* 10 years general management experience * *Cont* N.C. Mehta, Office 503, Ravi Chamber, Dr. D.N. Road, Bombay 400001 (ToI-23.6)

Executive positions

ToI — Times of India; *IE* — Indian Express; *H* — The Hindu; *S* — Statesman; *HT* — Hindustan Times; *ET* — Economic Times; *Econ* — Economist; *BI* — Business India

NATIONAL

- CHIEF ENGINEER * Pune * *Sal* Best in industry * *Age/Qlfn* NS * Senior professional * *Reqd* 15 years in pump design * *Cont* General Manager (P&A), Mather & Platt (I) Ltd, Udyog Bhavan, (ToI 17.6)
- MANAGER SALES/COMMERCIAL * Maharashtra * *Sal* Good – perks * *Age/Qlfn* Around 35 years * Graduate * *Reqd* 7-10 years experience in sales/commercial function * *Cont* NKM/A-2097, Datamatics Staffing Services, P.B. No.106, GPO, Bombay 400001 (ToI-17.6)
- MARKETING MANAGER (MM/91) * Bangalore * *Sal* Best in industry * *Age/Qlfn* 35 years * Engineer, preferably MBA * *Reqd* 8-10 years experience in plastics * *Cont* MM/91, British Physical Labs India Ltd, 64 Church Street, Bangalore 560001 (ToI-19.6)
- EXPORT SALES MANAGER * NS * *Sal* Rs.1 lakh pa * *Age/Qlfn* 35-40 years * Textiles graduate * *Reqd* 7 years experience * *Cont* General Manager (HRD), The Bombay Dyeing & Manufacturing Co Ltd, Neville House, J.N. Heredia Marg, Ballard Estate, Bombay 400038 (ToI-21.6)
- SENIOR ENGINEERING MANAGER (Air Pollution Contol Systems) * Bangalore * *Sal* Attractive * *Age/Qlfn* Around 35 years * Mechanical/chemical engineer, preferably PG * *Reqd* 10-12 years experience in design and development * *Cont* The Manager (Administration), The Mysore Kirloskar Ltd, Pollution Control Division, 87/6, Richmond Road, Bangalore 560025 (ToI-21.6)
- MANAGER (Quality Assurance) * Satara * *Sal* Best in industry * *Age/Qlfn* 30 years * Mechanical engineer * *Reqd* 8 years experience in QC function in light engineering * *Cont* Vice-President (Manufacturing), Unusual Luggage Mfg. Co. Ltd, 616-17 Shah & Nahar Industrial Estate, Dr. E Moses Road, Worli, Bombay 400018 (ToI-24.6)
- SALES MANAGER * Bombay * *Sal* Over 1 lakh pa * *Age/Qlfn* 30-40 years * PG diploma/degree in marketing management * *Reqd* 7-10 years experience in handling photocopiers, EPABX * *Cont* SMB, Manager (P&A), 75-77 Maker Chambers VI, 7th Floor, Nariman Point, Bombay 400021 (ToI-24.6)
- MARKETING MANAGER * South India * *Sal* Good terms * *Age/Qlfn* 35-40 years * PG in marketing * *Reqd* 12 years relevant experience in selling similar products * *Cont* MMS/MDS/15, K.Shankar Raman, Regional Manager, ABC Consultants Pvt Ltd, 11 Khader Nawaz Khan Road, Madras 600006 (ToI-24.6)
- SENIOR MANAGER * Nasik * *Sal* Attractive * *Age/Qlfn* 35-40 years * Mechanical engineers, preferably MBA * *Reqd* Exposure to latest techniques in materials management * *Cont* HRD/07/91, Vice-President (Personnel & Human Resources), Motor Industries Co Ltd, P.B. No.3000, Hosur Road, Adugadi, Bangalore 560030 (ToI-24.6)
- SENIOR MANAGER (Materials) * NS * *Sal* Best in industry * *Age/Qlfn* NS * Graduate MBA * *Reqd* 12-15 years experience in materials management * *Cont* General Manager (Personnel), Ranbaxy Laboratories Ltd, 25 Nehru Place, New Delhi 110019 (ToI-24.6)
- PRODUCTION MANAGER * Bombay * *Sal* NS * *Age/Qlfn* NS * Pharmacy graduate * *Reqd* 12-15 years relevant experience * *Cont* General Manager (Human Resources), Rallis India Ltd, 21 Damodardas Sukhadvak Marg, Bombay 400001 (ToI-26.6)

OVERSEAS

- SENIOR MANAGERS * Middle East * *Sal* Attractive * *Age/Qlfn* NS * NS * *Reqd* 10 years experience in sales and marketing in airline/travel industry * *Cont* MS/5698, A.F. Ferguson & Co, P.O. Box 1786, Bombay 400001 (ToI 23.6)
- SALES MANAGER * Oman * *Sal* NS * *Age/Qlfn* Not over 35 years * Graduate, preferably PG in business management in marketing * *Reqd* 7 years selling experience with 2 as sales manager * *Cont* Professional Profile, GPO Box No.291, Bombay 400001 (ToI-23.6)
- QUALITY CONTROL MANAGER * Tanzania * *Sal* Attractive + perks * *Age/Qlfn* * Degree in chemistry/microbiology * *Reqd* NS * *Cont* W.T. Walsh, Director (Personnel), J.U. Group, C/o Pepsi-Cola Africa, CI Tower, St. Georges Square, New Maiden, Surrey KT3 4TJ, England (ToI-23.6)
- TECHNICAL MANAGER * Saudi Arabia * *Sal* Generous * *Age/Qlfn* NS * NS * *Reqd* 10-15 years experience of underwriting and claims handling * *Cont* The General Manager, Gulf Union Insurance Co, Saudi Arabia, P.O. Box 5719, Dammam 32421, Saudi Arabia (ToI-23.6)
- SALES MANAGER * Muscat * *Sal* Good – perks * *Age/Qlfn* 30-35 years * MBA – English graduate * *Reqd* Proven ability to deal with customers, consultants and employees at various levels * *Cont* P.O. Box 3823, Ruwi, Sultanate of Oman (ToI-30.6)
- MARKETING MANAGER * Dubai * *Sal* Dh 11,000 pm tax free – benefits * *Age/Qlfn* 36-42 years * NS * *Reqd* Proven and successful track record in sales and marketing of consumer electronics * *Cont* A.F. Ferguson & Co, P.O. Box 1786, Bombay 400001 (ToI-30.6)
- MANAGER (Exports) * Oman * *Sal* Rs.32,000 pm – family accommodation * *Age/Qlfn* 35-45 years * NS * *Reqd* Minimum 10 years of relevant experience in exporting perishable commodities * *Cont* Beam Services Pvt. Ltd, 1, Colaba Chambers, 117 Wodehouse Road, Colaba, Bombay 400005



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GTC INDUSTRIES LIMITED

The **DALMIAs** are a diversified industrial conglomerate with interests in tobacco, dairy products, chemicals, paper, telecom, resorts, textiles, film production, advertising and a host of other spheres. Projected group turnover for 1992 is Rs. 1,000 crores.

GTC INDUSTRIES LIMITED is the flagship company of the Group and is on the threshold of a major expansion. GTC, projected turnover for current year: Rs. 250 crore,has launched Burton, a brown cigarette, besides Ms, the pioneering brand for women. The Company's future plans envisage major export volumes, a 10% share of the Kingsize market and further additions to its product range. The Company is looking for a —

GENERAL MANAGER — MARKETING

NEW DELHI — **ATTRACTIVE SALARY + PERKS**

This is a KEY POSITION reporting to the Vice President — Marketing & Sales, responsible for **all marketing functions** for achievement of VOLUME & PROFIT objectives of the Company through **innovative marketing management** including **market research, product positioning, brand management, pricing, promotion and communication strategies.** Also,he will be responsible for effective implementation of marketing plans to continuously **develop new markets** and **strengthen the existing ones.**

Candidate should be **MBA/Post Graduate** with specialisation in **Marketing** from a reputed Institute and have a proven track record in marketing of **consumer products** in a highly competitive environment. He should have **10 to 15 years experience** and should **presently be heading marketing function of a large consumer product company.**

Preferred Age : 35-40 years.

THE GROUP BELIEVES THAT HUMAN RESOURCES ARE ITS GREATEST ASSETS AND ITS COMPENSATION PACKAGE IS DESIGNED TO MOTIVATE THE BEST TALENT IN THE INDUSTRY.

Please apply within 10 days, with a contact telephone number, superscribing position title on the envelope, to :

Mr. B R Grover

Director — Personnel

Dalmia (Bros.) Pvt. Ltd.
2nd Floor, Indraprakash
21, Barakhamba Road,
New Delhi-110 001

GTC INDUSTRIES LTD.

GOVAN/D/GTC/5154/91

Al-Futtaim

MARKETING MANAGER

Dubai **c. Dh. 11,000 p.m. tax free plus benefits**

The Al Futtaim Group is one of the largest and most professionally managed groups in the Middle East and has interests in trading, manufacturing, insurance, real estate and the service industry. We have been retained to assist in the selection of a Marketing Manager for Al Futtaim Electronics, the exclusive distributor in the U.A.E. of internationally reputed brands of consumer/entertainment electronics and home appliances such as SANYO, FISHER, DANTAX, etc.

The selected candidate will be expected to contribute significantly to improving sales and profitability by increasing penetration in the domestic market through the extensive dealer network and specially concentrating upon opportunities for exports. Identification, development of sources of supply and the successful introduction of new products alongwith improvements in market shares of existing product lines will be key result areas. This is a hands on job and the Marketing Manager will be expected to lead his team by example.

Candidates must have a proven and successful track record in sales and marketing of consumer electronics and/or home appliances and this should have resulted in their currently occupying responsible middle/senior management positions in reputed organizations in this industry. Their experience should have included product sourcing and negotiating with principals at an international level. Previous overseas experience in the Middle East or the Far East would be an advantage. A good personality and excellent interpersonal and communication skills are definite pre-requisites. The preferred age is between 36-42 years.

In addition to the salary indicated above (Dh. 1 = Rs. 5.50 approx. at current rates), the benefits will include furnished housing, company maintained car, annual leave passage, gratuity, etc.

Please apply in strict confidence within 10 days to:

A.F. Ferguson & Co.
P.O. Box 1786
Bombay 400 001.

giving full details of age, qualifications, experience and salaries drawn along with a recent passport size photograph and contact telephone numbers. All applications and envelopes should be marked with the reference number "MS/5700".

BUCKAU WOLF

We are a leading, heavy engineering organisation based at Pune, with an annual turnover exceeding Rs 1,000 million and over three decades of experience. We have specialised in various turnkey activities related to infrastructure generation and the core sector, and our excellent foreign collaborations include the world-renowned Krupp Industrietechnik, Krupp Polysius and Deutsche Babcock of Germany. With the opening up of the economy, we foresee rapid growth for the Company which will offer exciting opportunities and challenges for ambitious, top-flight professionals. We are now poised to touch the Rs 1,500 million turnover mark, with current orders exceeding Rs 2,000 million.

We believe that our reputation and growth is largely dependent on the quality of our people. Therefore, in addition to being technically qualified, we encourage them to develop professional pride, quality consciousness, creativity, dynamism and the desire to grow – both professionally and personally.

We now require the following marketing professionals to help realise our growth plans.

MARKETING MANAGERS
MARKETING EXECUTIVES

Sugar, Food Processing and Chemicals.
Cement, Mineral Beneficiation Plants.
Open Cast Mining and Bulk Material Handling.
Fluidised Bed Boilers.

We require Marketing Managers and Marketing Executives for our above divisions.

The Company allows considerable autonomy in marketing decisions, and is looking for key people to further develop the product range and new markets.

Candidates should be engineers, with relevant experience in marketing engineering projects.

For Marketing Managers: Experience 10 years+, Age 30-40 years.

For Marketing Executives: Experience 5 years+, Age 25-35 years.

We offer an attractive remuneration, good perquisites, stimulating working conditions and good prospects for growth.

Please apply with relevant details, enclosing a passport-size photograph. The position applied for should be clearly marked on the envelope addressed to:

The HRD Department
Buckau Wolf India Ltd, Pimpri, Pune 411 018.

BUCKAU WOLF
More than engineers. People with a sense of values.

KRUPP
Buckau Wolf with Krupp technology

Nexus + Equity / BWI / 0034

OVER 100 YEARS OF CARING · DABUR ·

Dabur INDIA LIMITED

Dabur India Limited manufactures and markets a wide range of Health Care and Family products. In most categories it is the market leader. Major brands include Dabur Chyawanprash, Dabur Hair Oil, Hajmola and Red Tooth Powder. The present turnover is over Rs. 180 Crores. The company foresees a leading role in the fast expanding market for Ayurveda and natural ingredient based products and has immediate requirement for the following marketing personnel.

ASSTT. MARKETING MANAGER

The Assistant Marketing Manager is responsible for all marketing activities pertaining to a set of brands. The position is also responsible for actively pursuing development of new brands and is assisted by a team of Product Managers/Executives. Candidates should be MBAs with 7-10 years experience in Consumer Product Management/ Sales. Age 30-35 years.

PRODUCT MANAGERS

Product Managers are responsible for planning and implementing a wide range of marketing activities and would typically be handling 2-4 brands. Candidates should be MBAs with 3-7 years experience in Consumer Product Management/Sales. Age 25-30 years.

MANAGEMENT TRAINEES

Fresh MBA graduates from reputed institutes interested in pursuing a career in sales and marketing of consumer non-durables.

All positions are Delhi based.

The organization encourages initiative and offers attractive remuneration and growth opportunities.

Apply with detailed resume within 10 days to:
The General Manager (P&A)
Dabur India Limited
Harsha Bhawan
Block 'E', Connaught Place
New Delhi-110001

If you'd like to be a Manager who only handles sales...

Balsara doesn't need you!

No way! We need managers who are adept not only at handling sales but also at home with supporting functions like depots, inventories, systems, offices, planning and forecasting. One branch manager each for Bombay, Calcutta, Delhi and Madras.

That calls for a lot of responsibility, doesn't it?

You bet it does! But that's what working with Balsara Hygiene Products is all about. After all it's a Rs. 80-crore consumer – product company, with a back-up of over 1,200 stockists, 130 sales representatives and 21 depots. When you have national brands like Promise, Babool, Odonil, Odopic, Odomos and a whole range of new products, only the toughest and most flexible people will do.

The qualifications you'll need

You should be 35-40 years of age and should have experience in selling widely distributed products in a competitive environment, through a large field force. If you're an MBA, we'll relax the age limit.

The reward you'll receive

Over Rs. 1,40,000 per annum. And much more, if we feel you're a deserving candidate. After all, we like to keep our employees happy.

What you'll have to do

Apply within 10 days with your resumé and photographs to:

The General Manager–Personnel
Balsara Hygiene Products Limited
43, Nagindas Master Road
Bombay 400 001

BALSARA
Balsara Hygiene Products Limited

Chaitra-B BLS 1015 C

Lucas-TVS

LUCAS TVS - a leader in Auto Electricals for over 25 years with a track record of sustained growth requires an

EXPORT MANAGER

to develop its export business.

The assignment is a challenging one and calls for dynamism and drive. The Company has set itself ambitious targets of export performance over the coming years which the Export Manager is expected to achieve.

The incumbent should be an Engineering Graduate with a minimum of 8 to 10 years hands-on experience in export of light Engineering/Automotive Products. He should possess in-depth knowledge of the Middle East, African and U.S. markets and be fully conversant with export procedures/formalities.

The position is in the Senior Managerial cadre.

Preferred Age Group: 35-40

The remuneration package which would be attractive would be commensurate with the candidate's background and experience.

Please apply with complete bio-data attaching a photograph within 15 days to

THE PERSONNEL MANAGER
Lucas-TVS Limited
PADI, MADRAS 600 050.

superscribing on the envelope 'EM'. Applications will be treated in strict confidence.

Pertinax 9107

Come, add your muscle

Perhaps, you thought MRF was just tyres. There is indeed much more than a Zigma on the MRF horizon. Currently, we are in the process of accelerating our accent on diversification into various consumer and industrial products.

As a leading recognised Trading House, we are gearing up to capture more and more international markets with a wide range of products. To further strengthen our muscle in each field, we need:

MARKETING & SALES

Top/Senior/Middle Managers

A dream career for the tough, smart and dedicated with a determination to succeed. Those with selling in their blood, and willing to be posted anywhere, will meet their match in this highly rewarding career at MRF. If you are confident of your strength, write to:

The Director–Human Resources & Services
MRF LIMITED, Tarapore Towers, 826 Anna Salai, MADRAS - 600 002.

MRF

Going beyond tyres



Anugrah 672/91



There's something very exciting about being an Area Sales Manager at Vadilal. And also something very frightening.

Vadilal ice cream is marketed in Western India, and in parts of the South. It is the market leader in all its territories.

We plan to make Vadilal a national brand over the next three to five years. One of the reasons why the brand has been so successful (it has a turnover of well over Rs 35 crores) is a very good selling and distribution infrastructure..

Our Area Sales Managers are key people in this structure. Each ASM controls a territory with a turnover of Rs 3 to 6 crores, and is assisted by a team of Sales Executives, Sales Representatives and sales support staff. In turn, he reports to a Divisional Sales Manager.

We give our ASMs a very free hand. He participates in setting his own targets: after that, it is his responsibility to develop and implement sales strategy and tactics for his territory. The guidelines given to him from Head Office are very broad, and allow him a great deal of flexibility.

This freedom is necessary because, in our business, the competitive environment can change from town to town. A centrally-developed Manual Of Procedures simply cannot work in this situation.

Our Area Sales Managers find this situation both stimulating and satisfying: although it might be a little frightening at first to someone not used to this level of responsibility.

Professionals who join us find that the environment, besides providing them a lot of freedom, gives them a great deal more. The average age in the company is in the late 20s, making for an informal atmosphere. There is a lot of sharing of learning. 15 of our managers in sales and marketing are MBAs from premier institutions, and they have introduced radically new approaches to these functions. And we have learnt a lot from their experience with other companies such as Asian Paints, Cadbury's, Johnson & Johnson, Nestle, Colgate-Palmolive, ICI, HMM and Lakme.

Very few people who have joined us would care to return to an environment where there is a book to go by.

Right now, we are looking for three **Area Sales Managers** to look after three very interesting territories – **Bombay, Pune and Bangalore**. We'd like them to be MBAs (IIMs, XLRI, Bajaj, FMS) with 4-5 years' experience, or non-MBAs with 8-10 years' experience. They must have set a good record in sales or marketing in a competitive consumer products industry.

The remuneration package is good. We are growing very rapidly, and interesting possibilities for development will come up for good managers (our former All-India Sales Manager, for example, has now taken charge of exports and joint ventures abroad).

If you're interested, please write in 10 days to the Personnel Manager, Vadilal Enterprises Limited, 'Shubhangan', 24 Gulmohar Road, JVPD, Bombay 400 049. Please mark the name of the post and the preferred location on the envelope.

Vadilal ICE CREAM

NORTON **GRINDWELL NORTON LTD.**

REQUIRES MARKETING-ORIENTED ACCOUNTANTS

We are an integrated manufacturer of industrial abrasives and ceramics in collaboration with NORTON CO. of USA, the world's largest manufacturer of abrasives.

We consider MARKETING as one of our major strengths. The marketing organisation consists of over 18 field offices all over the country, an extensive network of dealers and stockists, and a strong marketing services function. This function is being strengthened further and we are looking for marketing-oriented Accountants for the following positions:

MANAGER– WORKING CAPITAL

The selected person will be primarily accountable for working capital management. This will involve the following:

- Management of finished goods inventory at various locations.
- Formulation and implementation of credit policy.
- Monitoring and control of accounts receivables.

The incumbent will lead a team of 3-4 executives posted in the field.

The ideal candidate would be a Chartered/Cost Accountant with 6-8 years' relevant experience. A good insight into industrial marketing and excellent interpersonal skills are critical requirements of this position.

B.Com s/M.Com s with longer relevant experience may also apply.

EXECUTIVE– WORKING CAPITAL/ BRANCH ACCOUNTANT DELHI/CALCUTTA MADRAS

The job involves:

- Management and physical control of Regional / Branch warehousing operations.
- Monitoring and control of receivables.
- Transportation and logistics.
- General office administration.

The ideal candidate would be a Chartered/Cost Accountant with 3-5 years' relevant experience at the Regional/Branch level, preferably in an engineering company.

B.Com s/M.Com s with longer relevant experience may also apply.

Gross emoluments will be attractive for a person to make a change. Persons selected for Delhi/Calcutta/Madras will be covered under our Vehicle Scheme.

Write within 10 days to Deputy General Manager, Human Resource Development, **Grindwell Norton Ltd.,** 114, Mahatma Gandhi Road, Bangalore 560 001.

Gabriel INDIA LIMITED

Purolator

PERFECT CIRCLE VICTOR LTD

CHALLENGING OPPORTUNITIES FOR YOUNG MARKETING PROFESSIONALS POST GRADUATES/MBAs

We have been retained by the Anand Group of Companies which includes, GABRIEL INDIA LTD., PUROLATOR INDIA LTD., PERFECT CIRCLE VICTOR LTD., ANFILCO LTD., ANCHEMCO LTD. and DEGREMONT INDIA LTD., for the selection of young marketing professionals.

The Group

The Anand Group of Companies, a dynamic corporate entity with diverse business interests, is today a leader in the automotive components and industrial products. It is engaged in the manufacture of shock absorbers, bearings, struts, gaskets, piston rings, coolant, water and effluent treatment systems, air filtration systems, resins, sealants and adhesives.

The Candidate

The Group requires motivated young Post-graduates/MBAs with excellent academic background and 3 to 5 years' experience in marketing.

The Offer

The Group offers a professional and challenging work environment to result-oriented personnel. Selected candidates, after appropriate in-house training, will be placed in the management pool at levels commensurate with qualifications and experience.

The Location

Incumbents will be based at Delhi, Bombay, Calcutta, Madras, Nasik, Gurgaon, Devas or Parvanoo (H.P.). Those willing to be located at any of the Group's locations will be preferred.

The Compensation

Remuneration will be at par with the best in the industry.

Please send your detailed resume accompanied by a recent photograph. Mark the envelope with "YPs Marketing" and locations preferred, and forward within one month to :

Chief Executive,
Anand Corporate Services Ltd.
1, Sri Aurobindo Marg, New Delhi-110 016.

ULKA-D-GIL-195

ANFILCO LIMITED

ANCHEMCO LIMITED

Degremont INDIA LTD.

DIRECTOR TECHNICAL

A leading company in Ghana is looking for a highly innovative Engineer for the post of Technical Director in carrying out their expansion plans for manufacturing laundry and toilet soaps.

This is a top level managerial post requiring highly specialised skills in the areas of production planning and control for an otherwise highly competitive industry.

The job offers an excellent and continuing opportunity to achievers for growth through an independent charge in the above areas.

Apply in Confidence with detailed resumé and future career expectations to :

SAND MARTIN
CONSULTANTS PVT. LTD.

8-A, Kashi House
Connaught Place
New Delhi-110 001.

Attention Professionals
Data Bank: Executive Resourcing

We are in the process of updating our computersied Data Bank of professionals interested in placement in following functional areas at Senior, Middle and Junior management levels:

* **Finance: Taxation, Accounting, Costing, Audit, Project Financing**
* **Purchase & Materials Management**
* **Sales & Marketing**
* **Exports, Imports, Liaison**
* **Corporate Planning & Policies**
* **Production**
* **Industrial Engineering**
* **Maintenance (Mech., Elect., Instrum.)**
* **Human Resource Development, IR, Training**
* **Computers: Hardware, Software & Data Processing**

Applicants should send a detailed CV including locational preference, discipline, designation, Job profile and specialisation in work fields, salary drawn and contact phone number. Envelope should be superscribed with functional area of interest and mailed in confidence to :

SAND MARTIN
CONSULTANTS PVT. LTD.

8-A, Kashi House
Connaught Place
New Delhi-110 001.

SIEL

SHRIRAM INDUSTRIAL ENTERPRISES LTD.

SIEL, is one of the four companies that emerged from the division of DCM Ltd. Thus it is a 100 year OLD, NEW company, presently turning over Rs.400 crores.

SIEL's business lines are:

- FOODS: Hydrogenated Vegetable Oils (Rath & Panghat), Refined Oils (Ruby), Sugar (Mawana)
- CHEMICALS: Chlor – Caustic Products
- INTERNATIONAL BUSINESS: Exports of group & non-group products; trading in and from U.K., Middle East, Africa & Far East
- ENGINEERING: High technology cemented carbide tips & tool products for the engineering & mining industries
- PROJECT ENGINEERING: Project & engineering consultancy services (turnkey & consultancy basis) on a world wide scale

The companies directly associated with SIEL are:

Shriram Refrigeration Industries Ltd., which turns over Rs.50 crores and is a manufacturer of hermetically sealed compressors for airconditioners and refrigerators in technical collaboration with world famous TECUMSEH PRODUCTS CO. of USA, USHA Airconditioners and Water Coolers.

Shriram Honda Power Equipment Limited, turning over Rs.35 crores, is a technological and financial collaboration with HONDA MOTOR COMPANY of Japan and manufactures portable generator sets, general purpose engines and water pumps to Honda's quality standards.

Expansion plans are already being processed for entry into export oriented units, financial services, paper, sugar business management, different ranges of compressors, generators etc.
We are undergoing a programme to convert the group towards Total Quality Management (TQM) approaches.
We are also endeavouring to be a GREEN group of companies.

MANAGEMENT TRAINEES

AT ▒ ENTRY ▒ LEVELS

PROFILE: Management or Engineering graduates from IIMs, XLRI, FMS, Bajaj, IITs, BITS, TISS and similar institutions, with very good academic and curricular track records, excellent communication skills and analytical abilities. Candidates with industry experience will be considered for direct absorption into our Middle Management Cadre.

TRAINING: 12 months of intensive industry training inclusive of formal classroom modules & hands-on training.

PLACEMENT: On completion of training, the MTs will be placed in the Middle Management Cadre of the group in techno-commercial functions and will be given early responsibility and authority. They will be expected to display sufficient potential so as to man General Management positions within 7-10 years, by the age of 30-35 years.

COMPENSATION: The initial package will be more than Rs 60,000 p.a..On confirmation (in one year or before) the MTs will get about Rs 90,000 p.a..

Please send in a detailed resumé within 10 days to:
GENERAL MANAGER-PERSONNEL
SHRIRAM INDUSTRIAL ENTERPRISES LIMITED
4TH FLOOR, KANCHENJUNGA, 18, BARAKHAMBA ROAD, NEW DELHI 110 001
In case you have any queries, please feel free to contact our Personnel Department at 3310171

T S McCann/SIEL/891

SOL Pharmaceuticals Ltd.

We have emerged as a fast growing company in the field of Pharmaceutical formulations and bulk drugs. Our turnover will exceed Rs. 45 crores from the wide range of innovative formulations, exclusive dosage forms and high potential bulk drugs this year.

We are looking out for professionals with a lot of talent and high energy levels to accelerate the marketing growth programmes. We need

GROUP PRODUCT MANAGER

A skillful and competent professional (Profit centre head).

★ Who understands the determinants and the facts that influence the markets.

★ Who understands and arrives at priority markets, communications and activates to achieve product promotion and communication objectives.

★ Who improves environmental and market sensitivity to develop innovative options for strategy development and profit enhancement

★ who institutes a systematic identification of new products, planning and development process.

★ Who improves the abilities of his team of Managers to arrange existing and new brands to reach unprecedently high market shares or improve leadership ranks.

Age below 40 years, he will be a graduate, qualified in Management with 5-10 years experience in a senior position in Product Management and Sales Promotion in Pharmaceutical or Consumer Marketing.

PRODUCT MANAGERS

Young, talented creatively and conceptually strong professionals who have successful product launches and promotional strategies to their credit in the field of Pharmaceuticals or consumer marketing. They would be graduates below 35 years with an experience range of 3-5 years in Product Management at decision making level. MBAs in Marketing from premier institutes favoured.

PRODUCT EXECUTIVES

Science/Pharmacy graduates below 30 years with flair for original idea generation, visualisation, verbalisation of thoughts and atleast 1-2 years experience in Product Management. Young MBAs from premier Management institutes preferred.

Best of terms await the right man (Woman)!
Please post your curriculum Vitae, details of emoluments drawn and expected along with a recent passport size photograph within 10 days to : **GROUP PERSONNEL MANAGER PB NO: 320 HYDERABAD-1.**

KANARA/H/SOL/91

Unit Trust of India

(A Public Sector Financial Institution)

wishes to recruit

a) Senior Executive (Research and Planning)
b) Senior Executive (Legal)
c) Middle Level Executives (in the areas of finance, audit, research and planning)

JOB DESCRIPTION:

a) Senior Executive (Research & Planning):

The incumbent will head the Trust's Research and Planning Department at Corporate Office and will report to top management. The job involves research on macro & micro economics, national and international developments relating to security markets, money markets and mutual fund industry and country funds, studies relating to mutual funds, corporate sector and securities market related research, evaluation of various schemes of Unit Trust of India, creation of centralised data base systems on international capital markets, financial markets, primary and secondary capital markets, mutual funds industry, preparation of Annual Report and other publications of UTI etc.

This is a senior position and the incumbent will monitor and guide the various research activities carried with the help of computer back-ups. Candidates should be first or high second class post-graduate in Economics/Statistics/Commerce/ Econometrics and/or have professional qualification in Finance/Management/Operation Research etc. Candidates having doctoral degree and research publications to their credit will be preferred. Candidates should have at least 10 years professional experience in relevant field at senior level, with age between 40 and 50 years. (Upper age limit relaxed by 5 years for SC/ST candidates).

b) Senior Executive (Legal):

The incumbent will head the Trust's Legal Department and will advise the Management on corporate law, taxation, industrial law, scrutiny and investigation of titles and documentations pertaining to property matters, creation of securities, finalisation of debenture trust deeds. The job requires thorough knowledge relating to term lending, banking and mutual fund industry, responsibilities will also include representing before courts and other quasi-judicial authorities, preparation of claims, issuance of legal notices on behalf of Unit Trust of India etc.

The applicant must have first/high second class Masters Degree in Law. The applicant should have at least 10 years standing as an advocate/solicitor or professional experience in a responsible position in the legal department of a large Banking/Financial Institution and should be in the age group of 40-50 years. (Upper age limit relaxed by 5 years for SC/ST candidates).

c) Middle Level Executives for various areas:

The job involves various financial functions such as industry and security analysis, supervision of accounting, operation and investment research, audit and research on capital markets. The candidate should possess high second class post-graduate degree in commerce/economics/statistics/mathematics. Chartered Accountants, Cost Accountants, Company Secretaries and MBAs from reputed Institutes of Management will be preferred.

The candidate should possess at least 5 years experience in the relevant areas. Preferred age: 30 to 40 years. (Upper age limit relaxed by 5 years for SC/ST candidates).

COMPENSATION:

For positions a & b above total emoluments will be commensurate with qualification, experience and the present salary drawn but will not be less than Rs. 8000/- per month. For the middle level executives it will not be less than Rs. 6000/- per month. In addition, all the posts carry benefits like Leave Fare Concession, Provident Fund, Gratuity, Group Savings Linked Insurance, Medical Reimbursement and encashment of leave etc. Housing as per rules will be considered in deserving cases. Positions are presently based at Bombay, however, all managerial positions are transferable anywhere in India.

Candidates for positions a & b above, may also be taken on deputation or on contract for a specified period.

Please apply within 7 days giving full particulars of age, qualifications, address, experience and salary drawn to:

The General Manager (Personnel & Administration)
UNIT TRUST OF INDIA
13, Sir Vithaldas Thackersey Marg, (New Marine Lines), Bombay 400 020

All applications and envelopes should be superscribed with the post applied for. Separate applications for different positions should be sent.

wires & fabriks

Where professionals team up

POSITIONS	QUALIFICATIONS & EXPERIENCE	FUNCTIONAL AREA
Manager – Marketing (Exports) Age : 35 +	MS Paper Tech. or equivalent, MBA in Marketing Experience: 10 years in Sales/Industrial marketing. Widely travelled, strong in strategic planning	Marketing/Exports
Manager – H.R.D. + I.R. Age : 30-35	Post Graduate, MBA in Personnel Management & IR-preferably from XLRI. Experience: 8 years out of which 4 years in a senior capacity	Responsible for IR, Training & Development of people and employee welfare.
Manager – Quality Assurance Age : 30-35	Post Graduate in Mechanical/Chemical Engineering from IIT. Experience: 5 years in an Engineering Company.	Quality/Productivity Process Standards
Manager – Design & Engineering Age : 35-40	B.Tech/M.Tech. in Mechanical Engineering from IIT. Experience: 10 years in M/C, Tool design & development	Modernisation, Indigenisation and Automation.
Manager – Management Services Age : 25-30	B.Tech. with an MBA from a leading institution (preferably with a good understanding in finance). Experience: 3 years in a good company.	Staff support to MD in various analysis & Corporate planning, reporting directly to MD.
Manager – Corporate Finance Age : 25-30	MBA in finance from IIM Ahmedabad/Calcutta or equivalent. Experience: 3 to 7 years in financial analysis & forecasting	Budgetting and forecasting project evaluation & support to G.M. Finance.

MOST COMPANIES OFFER YOU A JOB. WE AT WIRES & FABRIKS OFFER YOU A CAREER

WE are a 15 crore turnover company, based in Jaipur, manufacturing specialised products for the paper industry with a foreign technical collaboration. We export nearly 20% of our production to Europe & Far East. With ongoing expansion & diversification plans, we expect to reach a turnover of 50 crores in 3 years.

WE are a company which provides an environment of challenge, offers opportunities to lead, encourages decision making, demands excellence, recognises & rewards performance.



JAIPUR

- A cosmopolitan city
- Rich in culture & history
- One can still afford to rent a bungalow with a garden
- Good flight connections
- Excellent schools
- Active sports clubs

PROFESSIONALS

We define them as people who love challenges, people who convert problems into opportunities, people who are obsessed with excellence, people who dare to lead. They are people who want to make a **CAREER**.

If you can give your best so can we

Send us your bio-data with a recent photograph and expected compensation. Complete confidentiality is assured.

Executive Director **WIRES & FABRIKS (S.A.) LTD.**
Industrial Area, Jhotwara, Jaipur – 302 012

OFFICES ▶ Ahmedabad ▶ Bombay ▶ Calcutta ▶ Chandigarh ▶ Coimbatore ▶ Hyderabad ▶ New Delhi

GUJARAT POWER CORPORATION LTD.

The Gujarat Power Corporation Ltd., promoted by Government of Gujarat is establishing a gas based Combined Cycle Power Project worth more than 1000 Crores in Gujarat. The Corporation has further plans to set up mega size power plants in the State. To assume responsibilities at the Corporate Office, we need -

1. GENERAL MANAGER (FINANCE)

Qualification : CA/ICWA. MBA with Finance will be an additional qualification.

Age : Around 45 years.

Experience : Should have an experience of at least 18 years of which minimum 10 years at top/senior level in the Finance Department of a large industrial organisation.

The job : The person should have independently handled project Finance for multi crore project of large engineering/ power industry and should have personally negotiated in raising of finances for the project from National and International financial institutions and banks.

Should have formulated and standardized financial and commercial terms of various purchase contracts by global and local bids and should have been associated with the purchase of plant, equipment, raw material, spares, civil construction material.

Should be conversant with Excise, Customs, Sales tax, Income-tax, Electricity (Supply) Act and procedures relating to imports, FERA, etc. and should be capable of formulating short and long term financial projections, introducing MIS, computerised accounting system.

2. GENERAL MANAGER (MATERIALS)

Qualifications : B.E./B.Tech. (Electrical/(Mechanical) with Postgraudate Diploma in Material Management. MBA will be an additional qualification.

Age : Around 45 years.

Experience : Should have at least 18 years experience including minimum 10 years at a top/senior level in the Stores and Purchase Department of large engineering/power industry.

The Job : Should have independently handled the purchases for a large project, thorough experience in materials planning, procurement, inventory control/storage, materials handling, transportation, insurance, claims. Purchase of capital goods, Sub-contracting, vendor development.

Conversant with customs, excise, import formalities, formulating and standardizing terms and conditions for import and purchase of plants, machinery, capital equipment for new project, international and national standards, specifications, codes for engineering/electrical equipment machinery and spares.

The above positions are at top Management levels at Corporate office at Ahmedabad and carry liberal remuneration and perks. Persons fulfilling the above requirements and having excellent communication skills may apply within 10 days with complete bio-data, positions held, present salary and expected salary, superscribing on the envelope the position applied for, to :

Managing Director **Gujarat Power Corporation Ltd.,**
5th Floor, 'Center Point', Panchvati,
Ellisbridge, Ahmedabad-380 006.

MODI MIRRLEES BLACKSTONE

We are setting up a plant in Aurangabad for manufacture of Industrial High Capacity Diesel Generating Sets in collaboration with world renowned leaders in Diesel Engine Technology, Messrs MIRRLEES BLACKSTONE DIESELS, U.K., a company in the Hawker Siddeley Group. We are looking for suitable candidates for the following positions.

GENERAL MANAGER (MARKETING) (Delhi)

The incumbent, in the age group of 40-45 years, will be a graduate in engineering preferably with a M.B.A. degree. He should have 10-15 years' experience in marketing of high value capital goods. Should possess ability to motivate highly professional marketing team to achieve targetted results.

REGIONAL MANAGERS (Bangalore, Bombay, Calcutta)

The incumbent in the age group of 30-40 years will be a graduate in engineering preferably with post graduate qualifications in business administration having 5-10 years' relevant experience. Should be a self-starter, dynamic in approach to clients and result oriented.

The above positions offer liberal remuneration package and provide excellent working conditions.

Please apply in confidence giving full details within 7 days to: Advisor (Personnel), Modi Mirrlees Blackstone Limited, 4-7C DDA Shopping Centre, New Friends Colony, NEW DELHI-110 065.

BMA/MMB/2001

HINDUSTAN ZINC LIMITED

(A Govt. of India Enterprise)

NEEDS

(1) GENERAL MANAGER (FINANCE)
(2) GENERAL MANAGER (SMELTERS)

Hindustan Zinc Limited is a large multi-unit organisation in the non-ferrous sector with units spread over different States in the country. It is engaged in mining and smelting of Zinc and Lead besides production of related by-products. The Company has been entrusted a gigantic mining and smelting project involving investment of the order of over Rs. 617 crores. The mining unit has already commenced production while the smelting unit is nearing commissioning.

The Company is looking for result oriented executives for the above posts with proven managerial competence.

1. Scale of Pay:

The posts carry the pay-scale of Rs.6250-175-7475 with industrial DA alongwith perquisites like Company's accommodation on subsidised rent, reimbursement of local travelling expenses, LTC, free medical aid, CPF, Gratuity, leave encashment, contributory group term insurance scheme etc. as per rules of the Company.

2. Age:

Preferably below 50 years as on 1st June, 1991. Age limit is relaxable for exceptionally deserving candidates and in case of SC/ST candidates.

3. Qualification & Experience:

(i) General Manager (Finance): He should be a Member of the Institute of Chartered Accountants of India/Costs & Works Accountants of India with atleast 15 years post qualification experience in Finance/Accounting/Audit functions. Experience in Costing Systems & Procedures, developing Computer Accounting Systems and manuals preparation etc., will be an added advantage. He should be currently holding a senior position not below the Scale of Rs.5600-175-7175 in a Public Sector Company or equivalent high post in a large Private Sector Organization.

The selected candidate shall be responsible for control, supervision and direction of all financial and accounting functions and is liable to be posted in any part of the Country.

(ii) General Manager (Smelters): He should hold a degree in Metallurgical/Chemical Engineering. He should have at least 15 years' experience in production, plant maintenance, industrial relations, materials management and process development, preferably in non-ferrous sector. He should currently be holding a senior position not below the scale of Rs. 5600-175-7175 in a Public Sector Company or equivalent high post in a large Private Sector Organization. Persons holding Engineering degree in other disciplines having suitable experience would also be considered.

The selected incumbent will be required to head one of the smelting units of the Company.

Those employed in Govt./Public Sector Undertakings should apply through proper channel.

Application should be sent in prescribed form which can be obtained from the **Company Secretary, Hindustan Zinc Limited, Yashad Bhawan, Yashadgarh, Udaipur-313 001** by sending a self addressed envelope of 23 x 10 cms size duly stamped (Rs.2.00). Last date of receipt of completed application forms alongwith crossed Indian Postal Order for Rs.8/- (SC/ST candidates exempted) drawn in favour of Hindustan Zinc Limited, Udaipur, is **15th July, 1991**. The envelope should be superscribed with the post applied for. Candidates called for interview shall be paid air fare by shortest route from their place of posting or residence to the place of interview and back.

PR/C/13/91-92

GST

GUJARAT STEEL TUBES LIMITED is t largest Indian manufacturer and exporte of welded steel pipes and tubes having turnover of Rs.125 crore. The Compute Systems environment includes an on-lin MIS with latest mini-computer with C Unix and Oracle RDBMS and a number o PCs with end-users. PCs are also used fo CAD and other applications. The Compan wishes to recruit :

DEPUTY MANAGER (EDP)
(Ref : HRM 201/91)

The job involves responsibility for day-to-day operation at EDP Department and management of end-user computing. The applicants should be graduates with relevant professional qualifications from a reputed institution. They should have good knowledge of business applications like financial accounting, materials/manufacturing planning & control payroll, cost accounting, etc., The candidates should have at least 10 years of experience of which 2-3 years in similar assignments. They should possess good interpersonal and communication skills as well as administrative abilities.

Preferred age : 35-38.

ASSISTANT MANAGER (SYSTEMS DEVELOPMENT)
(Ref : HRM 202/91)

The job involves responsibility for systems development and implementation for the entire organization. The applicants should be graduates with relevant professional qualifications from a reputed institution. They should have good knowledge of systems design for diverse business applications. The candidates should have at least 8 years of experience of which 2-3 years on similar assignments. They should possess good analytical and communication skills as well as the ability to lead a large team of software professionals in an online environment.

Preferred age : 32-35.

The Company has a liberal compensation policy. Remuneration and perquisites will not be constraint for the right candidates. Suitable housing reimbursement may be considered. Growth prospects, based on performance, are excellent.

Please apply in strict confidence within 10 days stating full details of qualification, nature and length of experience, age, salaries drawn and expected, etc. to :

Senior Manager (HRM)
GUJARAT STEEL TUBES LIMITED
Kali, Near Sabarmati
AHMEDABAD 382 470

AHP

Come. Join the Leader.

Indian Herbs No.1 in herbal and fifth in general Animal Health Products (AHP) market, has chartered an ambitious growth plan for the coming years. A professionaly managed Company with an enviable reputation of being one of the fastest growing companies in the AHP market, Indian Herbs is looking for a

FINANCE MANAGER

who is dynamic, ambitious and innovative.

The Job

- To guide and assist the management in finalisation of long term Corporate Plans
- Mobilising funds from Financial Institutions and Banks etc to support the expansion projects of the Company
- To formulate budgetary control & MIS Systems for achieving Corporate goals.
- Effective tax planning

Expectations from the Applicant

- Should be a Chartered Accountant / MBA in finance from a reputed Institution
- 6 to 8 years experience, with a thorough knowledge of computerised working systems.

Age — About 35 years

Compensation — Will match the best in the Industry

Location — Saharanpur, UP (170 km North East of Delhi)

This is a senior management position, reportable directly to the Managing Director.

Applications shall be handled in strict confidence. Persons possessing the requisite background may respond within 15 days with a comprehensive resume along with a recent passport size photograph to,

The Managing Director,
INDIAN HERBS RESEARCH & SUPPLY CO. PVT. LTD
Sharda Nagar, Post Box No.5,
Saharanpur - 247 001 (UP)

Envelopes should be superscribed "Finance Manager"

TERRITORY SALES MANAGERS

The Company

A Unilever Group company, well diversified into the Foods & Beverages business with household brands like Taaza, Tiger, Green Label, Dalda, Flora and Anikspray. Current turnover exceeds Rs.500 crores.

The Challenge

Responsibility for sales and distribution management and all sales administration of field activities. In particular, responsibility for achieving all sales targets, extending coverage for company products including smaller rural markets, generating local activities/promotions and implementing field activities. In addition, planning, coordination with branch office, analysis of sales data, developing territory growth plans and training/developing the field force.

The position calls for excellent leadership and man management skills coupled with aggressive sales orientation.

The Person

A graduate from a recognised university, aged 25 to 35 years, proficient in 2 languages other than English. Also, 5 years supervisory experience involving management of sales/salesmen and a distribution network comprising of C&F depots, stockists and retailers, preferably in a consumer products company.

The Opportunity

A high-profile career in the first level cadre of management. Remuneration package matches the best in the country.

If you have the experience called for, please apply along with a detailed resumé within two weeks, marking the envelope 'TSM' to:

The HRD Manager
Lipton India Limited
Lipton House
9/2 M.G. Road
Bangalore 560 001

* Previous applicants need not apply.

Lipton

LIPTON INDIA LIMITED

LINTAS BLR GEN G38 229

COCHIN REFINERIES LIMITED

C L

(A Govt. of India Enterprise)

require

SENIOR PUBLIC RELATIONS PROFESSIONAL

Qualifications: Post Graduate Degree or Diploma (full-time course) in Advertising & Public Relations or its equivalent from a recognised University or Institute of repute.

The person: We are looking for a result-oriented professional with excellent oral and written communication skills in English and Malayalam and a strong interpersonal orientation. He should have the minimum prescribed post-qualification professional experience in a reputed organisation in independently organising Publicity/Advertising Campaigns, Exhibitions & Seminars, Press Conferences & Media Meets, Liaison with Governmental Bodies, Internal Communication, Editing & Publication of House Journal, etc.

He will assume overall responsibility for the Public Relations & Liaison function of the Company and report to the General Manager (P & A).

Scale of pay and emoluments: Selected incumbents will be placed in either of the following grades depending upon their qualifications, experience and capability:

Post	Pay scale (under revision)	Total monthly emoluments at min. of scale	Minimum prescribed experience	Max. Age as on 1-6-91
Chief Manager	2600-100-3400	Rs. 7,133	15 years	50 years
Sr Manager	2300-90-3200	Rs. 6,227	12 years	45 years

In addition, he will be entitled to other benefits as per Company rules.

Persons employed with Government or Semi-Government organisations should sumbit their applications through proper channel (Advance copies will be entertained). Relaxations/concessions for SC/ST candidates exist as per rules. Management reserves the right to relax age, qualification and experience for outstanding candidates.

Applications enclosing a complete bio-data, alongwith true copies of certificates and a photograph should be sent in an envelope superscribing "SENIOR PUBLIC RELATIONS PROFESSIONAL" so as to reach the General Manager (Personnel & Administration), Cochin Refineries Limited, Post Bag 2, Ambalamugal - 682 302, Ernakulam District, Kerala on or before 15th July, 1991

The Management reserves the right to restrict the number of candidates for interview, if so required

Any form of canvassing will disqualify a candidate.

01/06/1991
PR/308/140691

Sd/-
General Manager (Personnel & Admin.)

SILVER JUBILEE YEAR - 1966-'91

We are a well established PCB manufacturing unit situated in the Western region. We have almost two decades of experience in this field and a very modern Manufacturing Plant.

We require the following personnel.

PLANT MANAGER

Ideal candidate should have a degree in Chemical Engineering and a Post Graduate Degree/Diploma in Management. Other Engineering Graduates will also be considered. The candidate should have minimum of 10 years experience of which atleast 3/4 years should be in a Senior Management position. Incumbent will be in charge of plant and co-ordinate various activities like Pre-Production, PPC, Production, Process Control, Quality Control and Maintenance.
Location : Pune.

PRODUCTION ENGINEER

Candidate should be B.E. Mech/Elect. or DME/DEE with atleast 4 years of experience in handling production of Tool Room or other Engineering activities of similar nature. The incumbent will be in charge of CNC Drilling area and other Engineering related activities.
Location : Pune

SENIOR CHEMIST

Candidate should be B.Sc/M.Sc in Inorganic Chemistry with minimum 5 years of experience in Production. Incumbent will be in charge of Wet Processing and Plating area.
Location : Pune.

MANAGER CAD SERVICES

Candidate should be B.E./B.Tech (Electronics) with 10 years of experience in Production, R&D or Marketing of Electronic Products. Incumbent will be in charge of Computer Aided Designing Centre for PCBs and be responsible for running it as an independent profit centre.
Location : Bombay.

ASST. MANAGER MARKETING

Graduates with Diploma/Degree in Marketing with 5/6 years of experiecne in selling Electronic Components or Printed Circuit Boards to OEM's. The job involves maintaining customer relations, business development, targetted order procurement, collection, liasion with production, delivery schedules, follow-up and client feed back.
Location : Delhi and Pune.

Salary for all posts will commensurate with qualifications and experience.

Please apply within 10 days superscribing the envelope with post applied for

POST BOX NO. 895
DECCAN GYMKHANA PUNE 411 004.

91086

Helios Pharmaceuticals

HELIOS today is a heritage of excellence in pharmaceutical formulations.

The Company belongs to a major group having a multi-crore turn over and has exhibited a remarkable growth in the year 1990.

HELIOS has launched many new molecules and more are on the thresh to take off.

HELIOS is proud of it's dynamic and dedicated strong field force of 200 and is poised for a big leap in 1991-92.

In the quest of fulfiling our objective,

We require
ALL INDIA SALES MANAGER
H. Q. AHMEDABAD.

Incumbent should be a live wire, dynamic, result oriented go-getter preferably in the age group around 40 and should have 5 years of successful experience in sales as a Senior Executive in a reputed firm.

Job function includes leading and motivating the field force and being accountable for achieving pre-determined corporate objectives in stipulated time period. Exposure to marketing would be an added advantage.

The compensation offered will be at par and as per industry norms and would not be a limiting factor for deserving candidate.

If interested, please send your application in confidence alongwith your resume and a recent passport photograph within 10 days to :

GENERAL MANAGER (MARKETING)
HELIOS PHARMACEUTICALS
HELIOS HOUSE, Panchvati IInd lane,
Gulbai Tekra, Ahmedabad-380 006.

KUNAL-1038

AMRITLAL CHEMAUX LIMITED

REQUIRES

FINANCIAL CONTROLLER

FOR A PROMINENT CONCERN IN BOMBAY

To assume complete responsibility of Accounts, Finance, Management Accounting, Budgetary control, Commercial aspects related to Company's operations.

Applicants must be Cost Accountant or Chartered Accountant with sufficient experience in industry. Exposure to computer environment will be preferred.

Age group 35-40 years. Salary commensurate with experience. Please apply stating full particulars and expectation to:

AMRITLAL CHEMAUX LIMITED
"Rang Udyan"
Sitladevi Temple Road
Mahim, Bombay-400 016.

ADROIT-456/91

PEARL APPAREL Pvt. Limited a multi location company engaged in manufacture and export of Ready Made Garments, to major industrially developed nations, and member of Pearl Group of companies with varied interest in manufacture of ***PEARL***PET Jars/Bottles and Containers; Construction; Travel services etc. with a combined turn over of Rs. 80 Crore, is now embarking upon a major expansion Plan. The company is now looking for a high calibre person to head the Personnel and HRD functions :

GENERAL MANAGER (PERSONNEL)

Age : Around 40 Years • Location : Delhi (CODE : GMP)

The incumbent would be responsible for entire gamut of the Personnel Functions including strategic planning and Policy formulation. He should be a top notch seasoned professional with a high degree of analytical and conceptual skills, and should be able to elevate the levels of motivation and maintain harmonious employee relations. An ability to work in dead line charged atmoshpere would be a key criteria.

The ideal candidate would be Post Graduate in Personnel Management/MBA with about 15 years experience in Personnel and Industrial Relations of which atleast 5 years should be in Senior Managerial position in a multi-location organisation of repute.

Compensation Package would not be limiting factor and would compare favourably with the industry norms.

Interested candidates should send their resume within one week, to :

The Chief Executive
Project Planning & Personnel
PEARL APPARELS Pvt. Ltd.
901, Rohit House, 3 Tolstoy Marg, New Delhi - 110 001

A fast growing automobile dealer with an annual turnover of Rs. 13 crores (which is expected to double next year) would like to recruit professional management for their dealership for Maruti cars.

GENERAL MANAGERS

Jabalpur & Indore **Rs. 1,00,000+ Incentives**
(MS/5150)
The General Manager will be a profit centre head and will be responsible for marketing services, finance, workshop operations and overall administration. Candidates should be Engineers (preferably MBAs) with at least 7 years relevant experience of which 3 years in marketing is essential. Preferred age: Around 35.

WORKS MANAGER

Indore **Rs. 70,000 + incentives**
(MS/5151)
The Works Manager will be responsible for independently managing the workshop and the spares parts department as a profit centre. Candidates should have a degree or diploma in Mechanical/Automobile Engineering with at least 5 years experience in an automobile workshop. Candidates with less experience should apply for the position of Workshop Supervisor/Trainee. Preferred age : Between 30 and 40.

SYSTEMS ANALYST

Jabalpur
(MS/5152)
The Systems Analyst will be completely responsible for systems development and maintenance. Candidates should have at least 2 years programming experience and qualifications in computer sciences. Salary will be commensurate with experience. Preferred age: Around 25.

Salary and incentives are negotiable and will depend on experience and aptitude.

Please apply in strict confidence within 7 days quoting relevant "MS Ref. Nos." to:
A.F. Ferguson Associates, 115, Dickenson Road, Bangalore - 560 042.

CEAT LIMITED

CEAT, an **RPG ENTERPRISE,** is a multidivision, multiproduct company with a turnover of over Rs. 500 crores. The Company is growing rapidly and is expected to reach a turnover of about Rs. 1000 crores in two to three years time. In order to further strengthen its Finance Department the Company is looking for an outstanding professional who will be

FINANCE MANAGER

In this challenging and rewarding role at Head Office the incumbent will be reporting to the Vice President Finance, and have an opportunity to make a significant contribution to our highly professional finance team, especially in the areas of finance management and banking.

The likely candidate, besides having exposure in the field of management of working capital, raising long term resources, dealing with banks, financial institutions and other connected organisations, must be a mature person with leadership skills and age not less than 35 years. In addition, tact and an innovative ability to deal with changing policies and regulations are essential.

Remuneration will be commensurate with qualifications and experience.

Please apply within ten days, in strict confidence, superscribing the envelope with the post applied for to:

Vice-President — Group Personnel

CEAT LIMITED
463 Dr. Annie Besant Road
Worli, Bombay 400 025.

RPG ENTERPRISES

GENERAL MANAGER / MANAGERS
(RESEARCH DESIGN & DEVELOPMENT)

The Company which is a leader in Switchgear Industry with modern manufacturing facilities and a nation-wide marketing network needs innovative people to realise its plans for growth.

In recognition of its key role we are looking for an outstanding high calibre and highly motivated professional to head our RDD.

The candidate should be a Post Graduate in Electrical Engineering with 10/15 years in Design/R&D preferably Switchgear. Excellent theoretical knowledge and conceptual skills needed.

The position is in the Company's senior Management cadre and offers ample opportunity for growth and development. Apart from competence and flair for development, managing a highly motivated team is a key pre-requisite.

Interested candidates may apply with full particulars in strict confidence within 15 days to

S&S

The Deputy Manager
Personnel & Administration
S & S POWER SWITCHGEAR LIMITED
Porur, Madras - 600 116.

SAMCOR GLASS LIMITED

Samtel-the country's largest manufacturer of Television Picture Tubes-is now promoting SAMCOR GLASS LIMITED at Kota, as a joint venture with CORNING GLASS WORKS, USA. In the first phase this is a Rs. 200 crore project to manufacture Television Glass for TV Picture tubes. Samcor aims to become a world class manufacturer by adopting the most modern, state-of the -art technology and management practices. Applications are invited for :

HEAD OF PERSONNEL-KOTA

The incumbent will take responsibility for Manpower Planning & Recruitment, Career Development & Training, Industrial Relations, Personnel Administration and related HRD activities. The thrust will be on developing healthy culture conducive to high morale and productivity. The candidate, should be professionally qualified with at least 20 years experience in both Industrial Relations & HRD in organisations with a progressive outlook.

COMPANY SECRETARY-DELHI

The incumbent will take charge of Secretarial and Legal function of the Company. The candidate should be a qualified Secretary with around 15 years of relevant experience. Exposure in handling Public issues is essential.

Salary and perks have been designed to attract the best talent. Please apply within 10 days with complete bio-data, salary drawn and expected, superscribing the envelope with position applied for to. :

The Director
Samcor Glass Limited
50-51 Community Centre, New Friends Colony, New Delhi-110 065.

SR. DIVISIONAL MANAGER/ ASST. GENERAL MANAGER- LEASING

(Head of Profit Centre)

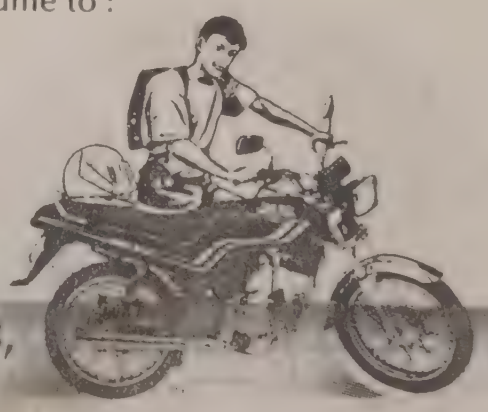
HERO HONDA

HERO HONDA MOTORS LIMITED, market leaders in the 100 cc category of Motorcycles, with a view to provide a further impetus to its sales is promoting a Finance Company— **HERO HONDA-FINLEASE LIMITED**-as its subsidiary. To head the Company as an independent profit centre, we are looking for an outstanding professional to take overall charge. He shall be responsible for all operations including mobilisation and management of resources, general management, development of schemes for consumer finance, leasing and hire-purchase. He shall be supported by a team of professionals for the various activities.

Chartered Accountants/MBA (FINANCE) with over 15 years experience, of which atleast 5-7 years should be in a senior position in similar functions in a reputed leasing/finance company, would be preferred. Desired age group around 40 years.

Please apply in strict confidence within 10 days with a detailed Resume to :

The Divisional Manager—Corporate Personnel
Hero Honda Motors Limited
34, Community Centre
Basant Lok, Vasant Vihar
NEW DELHI-110 057.



AT HERO HONDA WE DON'T OFFER JUST A JOB, WE OFFER A CAREER.

Sobhagya 183/91

HRD MANAGER

Bombay **Attractive Package**

Our client is a large multidivisional company manufacturing a wide range of industrial products. The company has a manpower strength of about 300 officers and about 2000 workers and considers HRD to be a vital function towards the development of the organisation.

The HRD Manager would be responsible for Manpower planning, recruitment, training and development and compensation, apart from the standard personnel/administration activities. In addition, he would play a key role in introduction of innovative new systems and procedures and instilling a feeling of camaraderie across the organisation.

Candidates should have a postgraduate degree in personnel management from a reputed institution with atleast 8-10 years experience in the HRD function of a professionally managed organisation in industrial products. Exposure to the industrial relations function, though not essential, would help in career progression.

This is a senior management position with an attractive remuneration package. Housing may be considered if essential.

Preferred Age: About 35 years.

Please apply (ref. MS/5696) in strict confidence within 10 days to:

A.F. Ferguson Associates
Post Box 1786
Bombay 400 001

giving details of age, qualifications, experience and salaries.

CORE is a professionally managed Group of Companies having interests in Pharmaceuticals, Leasing & Finance, Computers & Consultancy. Started in 1979 by a team of young professionals, today it employs about 900 people. Pioneering the manufacture of High Quality I.V. Fluids with State-of-the-art Blow-Fill-Seal technology in special polymer containers, it is the largest manufacturer of I.V. Fluids in India today. With an estimated turnover of about 30 Crores during the current year, of which more than 25% is likely to be exports, it expects to achieve a turnover of 100 Crores within the next 2/3 years.

PROJECT MANAGER/WORKS MANAGER

This is a Senior Management position reporting directly to the Corporate Head Office and offers an attractive remuneration package including profit sharing.The Company is looking for a Project-In-Charge for their new I.V. Fluid plant to be located either in North India or South India, with a total capital outlay of about Rs.50 Crores, out of which Rs.25-30 Crores will be spent in the first phase.

The incumbent will first be responsible for the Location Decision. Thereafter he will independently, alongwith the Project Team, put up the entire project and will be responsible for planning and implementation, including architectural, civil, structural, electrical and air-conditioning aspects, as also selection and ordering of plant and machinery and installation. He will ultimately be responsible for running the plant as its Works Manager.

The Company requires a dynamic and an effective person, age around 35 years with a high degree of managerial and organisational abilities. A person with experience in pharmaceutical manufacturing particularly injectables,will be preferred, but is not a binding condition. Similarly MBAs will be preferred.Those interested may apply with a detailed bio-data, passport size photograph and two references to:

Mr. S.K. Handa; Managing Director

CORE PARENTERALS LTD

4th Floor, Narayan Chambers, Ashram Road, Ahmedabad-380009,
Tel. 78265-6, Telex-0121:6694, Fax: 0272 - 79578

Ques

Our client is a large, reputed and well-managed Business House having several well-known and prestigious Public Limited Companies under its fold all of which are front-runners. For one such company, which manufactures **Electrical Cables,** we have been entrusted to recruit the following Managers for its Plant in Eastern India.

MANAGER-QUALITY ASSURANCE
Cable Industry

He will be responsible for leading a team of Q.C. Engineers and maintain physical and chemical characteristics of raw materials and finished cables; process control; computerised testing of telephone and electrical cables, etc. Apart from sound technical competence he must have the managerial ability to assume higher responsibilities within a short time . Must be an Electronics/Electrical Engineer or a M.Sc. in Physics with around 10/12 years experience in the Cable Industry. Age: Around 35.

MAINTENANCE MANAGER

As the Head of the Department he will lead a team of Mechanical, Electrical and Electronics Maintenance Engineers. Apart from undertaking breakdown and general maintenance work he will be required to introduce a comprehensive Preventive Maintenance System. Should be a Graduate Mechanical Engineer with around 8/10 years maintenance experience and good exposure to Electrical and Electronics Maintenance. Age: Around 35. The salary and perquisites for both these positions will be very handsome and will not pose a problem in attracting the right candidates. Please write in strict confidence, with detailed resume and contact telephone numbers, to

D.Bose, Director

QUEST CONSULTANTS & ENGINEERS PVT LTD

8/1 Chapel Road, Calcutta- 700 022. Phones: 22-0494/0583.

CEAT

CEAT LIMITED

CEAT, an **RPG ENTERPRISE,** and a leader in the tyre industry with an annual turnover of over Rs. 500 crores, has been growing rapidly and is investing substantially in new products, technologies and plants. CEAT has always given high priority to the development of human resource and the maintenance of an effective organisational culture in its pursuit of excellence. To meet the future challenges we now require a

MANAGEMENT DEVELOPMENT MANAGER

who will report to the Vice-President Group Personnel and have overall responsibility for training and development of its Senior Managers. He will, in consultation with the functional heads, contribute to the development of the managerial staff, performance appraisals, job rotations and succession planning.

The likely candidate would be a post graduate in Behavioural Sciences, age between 35-45 years. He should have a proven track record in a professionally managed organisation and a thorough exposure in the design, development and implementation of HRD systems. A mature person with leadership skills, tact, persuasiveness and innovative ability would have an edge over other candidates.

Remuneration will be commensurate with qualifications and experience.

Interested candidates may apply within ten days, in strict confidence, superscribing the envelope with the post applied for, to:

Vice-President Group Personnel
CEAT LIMITED
463 Dr. Annie Besant Road,
Worli, Bombay 400 025.

RPG ENTERPRISES

MANAGER - WATER TREATMENT

WE ARE A MADRAS BASED COMPANY ENGAGED IN WATER TREATMENT PROJECTS AND HAVE A GROUP TURNOVER OF OVER Rs 20 CRORES.

WE ARE LOOKING FOR A GRADUATE ENGINEER

WITH AROUND 15 YEARS OF EXPERIENCE IN DESIGN, ENGINEERING AND EXECUTION OF WATER TREATMENT PROJECTS.

CANDIDATES MUST BE ABLE TO LEAD A TEAM AND INTERACT WITH THE CLIENTS/CONSULTANTS.

APPLY WITHIN 10 DAYS TO:

GENERAL MANAGER
ARUDRA ENGINEERS PVT. LTD.
134, ANGAPPA NAICKEN STREET,
MADRAS 600 001.

Efficient

Kurl-on®

Karnataka Consumer Products Limited, manufacturers of India's largest selling mattress KURL-ON, is a Rs. 40 crore Company. As a successful marketing organization, the Company has also made KURLOPILLO pillows and TRAMCOIR coir products household brands.

To take care of our expanding operations, we require at our corporate headquarters in Bangalore:

FIELD OPERATIONS MANAGER

The person should have considerable experience in marketing and sales of highly competitive consumer durables in a challenging environment. He must have leadership skills to effectively manage a well-knit, motivated team of managers and representatives, as well as a wide network of dealers.

Job responsibilities include consolidating the Company's position in the existing markets, exploring new ones and ensuring the success of new product launches. Recruitment and training of sales persons, ensuring their high productivity and sales functions like market surveys, merchandizing, local promotions, customer servicing, dealer liaison, etc. will also be part of his responsibilities.

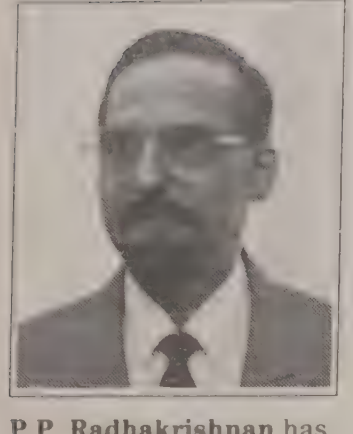
This is a senior position and demands that those who aspire to it, be daring and dynamic. The position reports to the Sr. Marketing Manager.

Remuneration will match the best in the industry and will not be a limiting factor.

Applications with complete resume and two good references should reach within 15 days, addressed to:

The Senior Marketing Manager
Karnataka Consumer Products Ltd.
Marketing Division: III Floor, North Block, Manipal Centre, Dickenson Road, BANGALORE-560 042.

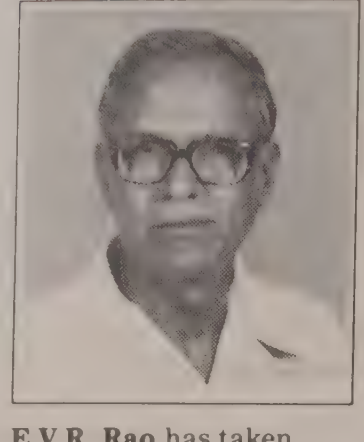
EXECUTIVE LADDER



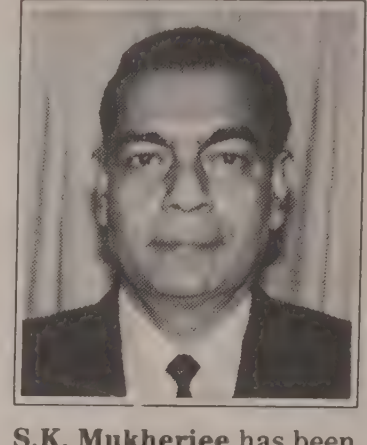
P.P. Radhakrishnan has been appointed chairman and managing director of Shipping Corporation of India.



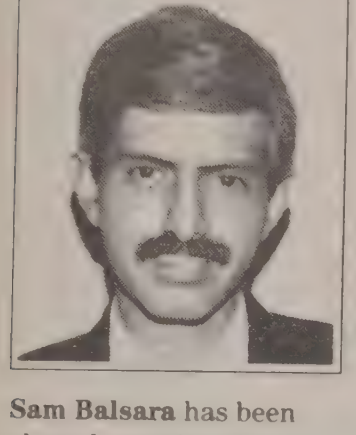
R.N. Sharma has taken over as chairman of Hindustan Aeronautics Ltd.



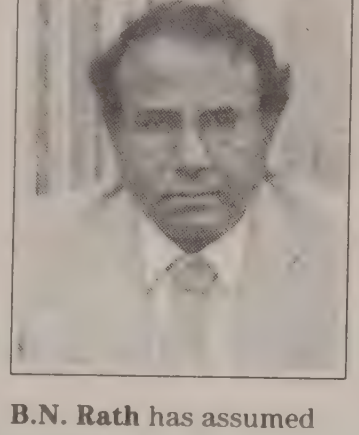
E.V.R. Rao has taken over as director, technical of Electronics Corporation of India Ltd.



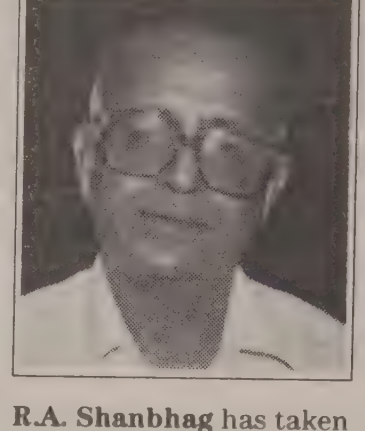
S.K. Mukherjee has been appointed managing director of Indian Vaccines Corporation.



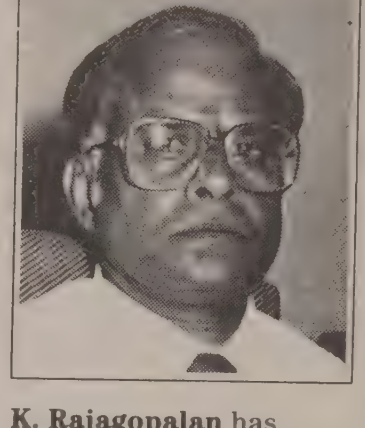
Sam Balsara has been elected president of the Advertising Club, Bombay.



B.N. Rath has assumed charge as chairman and managing director of Rashtriya Ispat Nigam, Vishakapatnam Steel Plant.



R.A. Shanbhag has taken over as executive director, pipelines, Indian Oil Corporation.



K. Rajagopalan has joined as general manager of The Oriental Insurance Company.

K.L. Kumar has bee appointed chairman managing director of Cochin Refineries.

Anand Desai has bee appointed vice-presid head of investment banking, Kotak Mahin Finance.

C. Mohanty has taken over as managing director of Paradeep Phosphates.

K.D. Vora has been elected chairman of the Kapol Cooperative Ban

R.S. Sikand and **A. Pradhan** have been appointed as executive vice-chairman and managing director, respectively, of Reckitt & Coleman of India Ltd.

R.N. Sharma has taken over as director, commercial of Saurashtra Cement and Chemical Industries.

P.K. Chatterjee has bee promoted as general manager, personnel of Dunlop India.

Lalit Ahuja has joined the Datamatics group of companies as general manager, re-engineering.

S. Raghunandhan has joined DHL Worldwide Express as national sales manager.

G. Tripathy has joined National Textile Corporation as director, personnel.

D.S. Mathur and **S.N. Mathur** have been appointed director, personnel & administration, and director, production, respectively, of Hindustan Petroleum Corporation Ltd.

K. Ravi has been promoted to vice-president, Mudra Communications.

ASSOCIATIONS

L. Ganesh and **K.P. Jayakar** have been elected president and vice-president, respectively, of the Madras Management Association

P.M. Bhansali has been elected president of the Institute of Internal Auditors, India.

Srinivas V. Kudva has been elected president of the Mangalore Management Association.

D.Ganguly has been elected chairman of the Eastern Regional Council and regional vice-president of the All India Management Association.

Mahendra Chopra has been elected president of the Umbrella Manufacturers and Traders' Association.

Rajkumar S. Adukia has been elected vice-president of the National Society for Prevention of Heart Disease & Rehabilitation.

oping effectively



omnath Roy, *41, is head of the merchant anking division of the ICICI*

ow that there is a steady lull in the new sues market, merchant bankers have ased to be the most sought after people. But if you concentrate on services other han issue management, you can proba- ly insulate yourself from fluctuations in he new issue market," says Somnath Roy, ead of the merchant banking division of ndustrial Credit and Investment Corpo- ation of India (ICICI), one of the three erm lending institutions in the country.

Primary job. The primary job of a mer- hant banker is to raise finance for his cli- nt but his effectiveness depends on how many different sources he can tap. In this area, ICICI's merchant banking division has an edge over the other institutions. Apart from managing a large number of public issues, it also syndicates long-term loans in rupee as well as in foreign cur- rencies. And ICICI's links with the inter- national development banks like World Bank, Asian Development Bank, Com- monwealth Development Fund, etc, have placed its merchant banking division in a better position to arrange foreign ex- change loans for clients, says Roy.

Roy, a graduate in mechanical engi- neering from Calcutta's Jadavpur Univer- sity, took over as the head of ICICI's merchant banking division in mid-1990. He started his career in 1971, when he joined Devel- opment Consultants Pvt Ltd, a Calcutta-based consulting engi- neering firm. Two years later, he joined ICICI (operations).

Roy worked in operations for 17 years before moving to mer- chant banking. "My experience in operations has helped me a lot in my work as a merchant banker," recalls Roy. "During that time, I had to monitor the performance of a number of companies very closely and reg- ularly." Formulating a suitable financial plan for a company and then implementing it to raise money being the main task of a merchant banker, Roy, with his experience in project ap- praisal and implementation, finds himself quite at home on the job.

ICICI's merchant banking op- eration has also grown manifold over the last few years. In 1990-91, the division mobilised Rs.2,515 crore for its clients — five times the amount it mobilised five years ago. It has also expanded its clients' list by including smaller companies, as opposed to earlier serving only the large companies. "All this means more and diverse work to cope up with," says Roy.

Demanding schedule. Being the head of the division, Roy's work schedule is quite demanding. In the office by 9 every morn- ing, he often works till late evening, when- ever there are conferences to attend. Roy is also on the board of six companies as nominee director of ICICI. This and his departmental work take him frequently on tour to various parts of the country. "I am out of town at least once a month, at least for a week on an average," says Roy. He enjoys his work very much. "With more players coming in, market growing bigger and government liberalising its financial policies, merchant banking is becoming more and more challenging," says Roy and hopes that ICICI and its merchant banking wing will certainly live up to its reputation.

Roy enjoys Tagore's poems very much and has a good collection of his works.

■ DILIP MAITRA

FRONTRUNNERS



A sales representative for Herbertsons, 11 years ago, **R.L. Rajah**, 34, is now their regional manager, in charge of the western region. A graduate in sociology from Madras University, Rajah began his career in 1979 with a detergent company in Madras but left this soon to join Herbertsons. In 1983, he was transferred to Hyderabad as area sales manager.

The challenge, however, came in 1989 when he was promoted as zonal manager, in charge of the state of Tamil Nadu. Appointed as regional manager earlier this year, Rajah does not feel that a marketing degree is essential to sell a product. Says he, "It's the inborn leadership qualities that help a sales person sell his product."

–M.S.



Manoj Kohli, 32, general manager, human resource development with Shriram Industrial Enterprises Ltd (SIEL), has worked his way up. In the newly formed SIEL (an offshoot of the erstwhile DCM Ltd set up last year) he has the unenviable task of reorganising the personnel structure.

Joining DCM in 1979 as an executive he took his LL.B. and MBA while on the job. Most of his first ten years with DCM he handled the personnel department at Sriram Foods and Fertilisers Ltd. He was also instrumental in re-motivating employees at the chemical unit in Delhi after the 1985 gas leak. In 1989 he was made director of a sick company in the DCM fold, Indian Hard Metals Ltd, for whom he played a leading part in finalising the BIFR package.

With Siddharth Sriram, SIEL's managing director, reposing confidence in him, Kohli hopes to achieve many more tasks.

–F.A.



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)BALLAPUR

n age-old sheen

nty-five kilometres away from galore is a sleepy-looking town called ballapur. It is one of the largest weav- centres for the famous Mysore silk ees, but there are no hoardings pro- ming this, nor colourful fabrics drying backyards to show you the way. None- same, as weaver N. Devraj says: "My ndfather told me that silk saris were ven here even when his grandfather s a child."

Only the clickety-clack of powerlooms itting from every home indicates that lf the silk saris that find their way into ngalore are produced here. About 90 r cent of Dodballapur's 100,000-plus pulation is involved in silk-weaving. e Kannada or Telugu speaking De- nga community that traditionally con- olled this activity has not only kept this t alive but also passed it on to new- mers in Dodballapur, like the Gowdas d Harijans.

Every home has at least one loom — ually more. S. Gowramma's, for in- ance, has two looms. "I prepare the els and help with the twisting of the rn," she says. Her husband, along with employed help, operates the looms.

Until 1940, the silk was woven on hand-operated looms. Then electrification brought in 13,000 power looms, speeding things considerably. Today, a weaver can produce about 15.5 metres — two-and-a-half saris — in a ten-hour work day. Erratic power supply, however, brings down the average yardage to between 8 and 10 metres.



A riot of colours: ready stock before shipping



Keeping the art alive, on modern equipment

Assured market

Only white silk is produced in Dodballapur, with or without a narrow *zari* border which is sourced from Surat. "We do not have any facility for dyeing, printing and processing here. That is all done in Bangalore, Bombay and Delhi," explains B.S. Subbanna, vice-president of the Sri Kalpataru Powerloom Weavers Pure Silk and Art Silk Cloth Producer-cum-Sellers Co-operative Society Ltd. A few weavers, like K.H. Rangaraju of K.M.H. Silks, however, buy the dyed yarn and specialise only in coloured silks for dress material. The weavers have an assured market, as the fabric is made to order.

Weavers buy the yarn from the Karnataka Silk Board at around Rs.1,100 a kg. Most saris take in an average of about 200 gm (between 35 and 45 gm a metre). Unlike the silks produced in the northern states, the material here is woven from twisted yarn, making it durable and giving it a sheen. The quality of silk depends on the twisting of the yarn. Simple twisting produces lighter silks, while tightly twisted warps and wefts create chiffons and crepes.

There are heavy levies at almost every stage of production. "We are exempted from paying registration fee or sales tax, but we have to pay 1 per cent tax on the cocoon yarn, a levy on the reel as well as a turnover tax," says Subbanna. Since this situation does not exist in Tamil Nadu, many weavers are moving to towns like Hosur on the Tamil Nadu-Karnataka border.

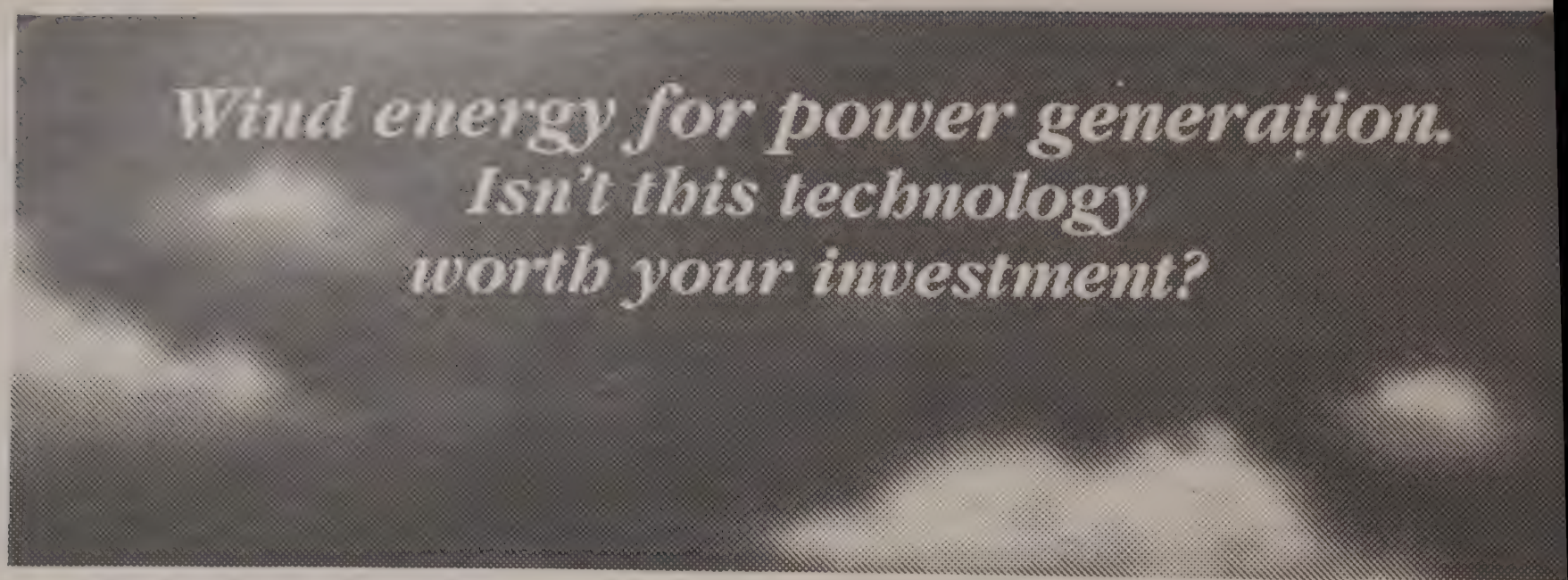
Erratic power supply has been a major handicap. Although Subbanna and Devraj, who have large units, do not feel the pinch, people like Gowramma do. "All it takes is a strong wind to interrupt power," she says. "During the monsoon it is at its worst. My husband has to work at night when the supply is a little more stable."

No formal training

The weavers lack formal training and technical knowhow in making the looms. Those who do not have their own looms work for others, earning between Rs.18 and 25 per sari, depending on the weave. Daily wages can amount to Rs.50, depending, of course, on the power supply.

If government apathy is responsible for Dodballapur's slow growth, the weavers are equally to blame. Several co-operative societies exist but are ineffective. In fact, the workers' own inability to put up a united front to push their cause is only worsening their lot.

■ VIDYA SRINIVAS



The welcome innovation

Incredible though it may seem, the truth is visibly evident. All you have to do is take a trip to either Kayathar in Tamilnadu or Mandvi in Gujarat. You'll witness a revolutionary technology in action. A technology that converts the power of wind into electrical energy – a welcome alternative in the light of rapidly depleting other resources, non-availability of coal, diesel, etc. In fact, this revolutionary change will soon, if not already, sweep across the country.

A partnership firm by the Indian promoters by the name of Natural Energy Processing Company was formed in 1986 to carry on the installation of Wind Turbine Generator of 55 KW to 250 KW. A three year fruitful association with Micon of Denmark – the world leader, proved the commercial viability of wind energy and led to the formation of NEPC-MICON LTD.

Together, Natural Energy Processing Company and MICON have executed a number of projects like the 10 MW project consisting of 50 Wind Turbine Generators of 200 KW each for Tamil Nadu Electricity Board and two Wind Turbine Generators of 250 KW each for Gujarat Wind Farms Ltd., in Mandvi, Gujarat.

The Promoters' success does not stop with Government Projects. For the first time they have created a private sector market by proving the commercial viability and the long term economic advantage of Wind Turbine Generators as against diesel and other fossil fuels. Maiden order came in the form of a project for execution of six wind turbine generators of 250 KW each at a total cost of Rs. 3.5 crores from three private sector companies engaged in diverse fields.

Enthused by the response, Natural Energy Processing Company surged forward to complete installation of 13 Wind Turbine Generators each costing Rs. 60 lakhs for private sector companies during the year 1990-91. For NEPC-MICON LTD., the current year looks more promising with a Rs. 3 crore order from TNEB, apart from a host of orders from private sector companies. NEPC-MICON LTD. is poised to reach greater heights.

With a target of 500 MW (2000 WTGs) fixed by Department of Non-Conventional Energy Sources to be completed before 1995 and a large and growing private market already tapped successfully by the promoters, isn't the power of wind worthy of your investment?



H I G H L I G H T S

- Pioneering Venture – Wind energy for power generation, proven alternative source of energy.
- Project in core sector – to manufacture Wind Turbine Generators (WTGs) and Wind Driven Pumps (WDPs).
- Technical collaboration and equity participation by M/s. Morup Manufacturing Company, MICON A/S, Denmark, world leaders.
- Government incentives and high priority – No Excise and Customs duty. No Sales Tax.
- Promoters well established in this line of activity.
- High Demand – Orders from Corporate Clients and Electricity Boards.
- Low breakeven of 10.42% – Pure equity funding.
- Risk Factor - Fiscal and import policies of the Government will have a bearing on the profitability.
- Commercial production by September 1991.
- Listing at Madras and Bombay Stock Exchanges.

Public Issue of 25,00,000 Equity Shares of Rs. 10/- each for cash at par

NOTE: If the Company does not receive the minimum subscription of 90% of the Issue amount, the entire subscription will be refunded to the applicant within 90 days from the closure of this Issue. If there is a delay in the refund of such amount by more than 20 days, the company will pay interest at the rate of 15% per annum for the delayed period.

ISSUE OPENS ON JULY 15, 1991

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ARTERED FLIGHTS

n wings of their own

gh-flying corporate executives are dis-vering the joys of flying on their own ne. Chartering a whole plane may seem esomely expensive, and even flamboy-t, but those who regularly do so say at time-wise there are huge savings ich can't be quantified. With airline ghts regularly re-scheduled without so uch as a by-your-leave, valuable execu-ve hours are whiled away at airport unges. Besides, they argue, charters are od for a company's image, especially hen collaborators are visiting.

Last September, Wipro Infotech's new inter factory at Mysore was scheduled r inauguration. Senior executives of its llaborator's, Epson of Japan had flown own to Madras especially for the event. ut the Japanese were hard-pressed for me. And Mysore was not connected by ther Indian Airlines or Vayudoot. Wipro ecided that the best option was to char-er a plane from UB Air. The 14-seater ornier picked up the Epson representa-ves and senior Wipro executives from Madras and landed them well in time for he function at the mall aerodrome at My-ore. After the inau-uration and lunch they lew back to Madras, the ame day. Says Ashok Soota, president, Wipro nfotech, "It was a very easant experience. The on-board person-alised services were su-perb. They were prompt and it helped us main-ain our programme."

Plane on call

Impossibly packed schedules can be ad-nered to by having a plane on call. Last Octo-ber, the Federation of Indian Chambers of Commerce and In-dustry (FICCI) had organised an impor-tant meeting at Madurai. FICCI Chartered a Vayudoot plane at Madras to Madurai and flew down president S. K. Birla. After the meeting, Birla rushed to Bangalore where he addressed the mem-bers of the Chamber of Commerce in the garden city.

Apart from Indian Airlines and Vayudoot, planes are available for char-ter from the several new air taxi opera-tors. The costs range, depending on aircraft size, from Rs.7,000 to Rs.2 lakh on an hourly basis. And there are many who can afford to pay these prices. For chartered flights, operators regularly re-ceive the odd request for transporting marriage parties or airlifting injured for-eign nationals. Some time ago, a leading newspaper group hired an Indian Air-lines jet to move a marriage group from Madras to Bombay.

Ideal solution

In an emergency, a charter presents the ideal solution. During the Gulf War, when Indian Airlines was forced to cut down its domestic services, a Bombay-based fi-nancial service company was in a fix: the inauguration of its Madras office could not be put off as many VIPs had already been invited. The company chartered a 14-seater aircraft from Bangalore and the managing director and other execu-tives managed to reach on time.



A chartered aircraft: saving executive hours

A chartered plane has flexibility, since it can skip or add any airport and land at any remote place, depending on the na-ture of the landing ground. On occasion, these planes have reached inaccessible destinations such as Wadi, Hubli, Hari-har, and Kudremukh, etc.

Three Pune-based companies — Bajaj Auto, the Kalyani group of companies, and the Kirloskar group — have formed a unique pool which lets out Beechcraft (three to seven seaters) to member com-panies. This has improved the mobility of senior executives in Pune since this city is not well connected by Indian Airlines. Says Atul Kirloskar, vice-chairman and managing director of Kirloskar Oil En-gines, "Chartering makes travelling eas-ier and convenient. Since it's flexible, we can decide when and where to fly. It's im-possible to depend on Indian Airlines when foreign visitors are in town and we have to take them to factories located in different parts of the country."

Better service

On-board services on privately hired planes are several cuts above Indian Air-lines. In October last year, W. Grubman, director of Unilever and S.M. Dutta, chairman of Hindustan Lever, and their wives travelled from Madras to Pondi-cherry on a chartered plane to inaugu-rate Hindustan Lever's new plant. There were surprises in store for them: specially prepared lunch, and champagne, from Hotel Windsor Manor in Bangalore.

With such goodies laid out, the flying time on board can be utilised effectively too. In October last year, Vijay Mallya was to preside over the first management op-erations review meeting of Mangalore Chemicals and Fertiliser (MCF) and return to Bangalore the same day. Charter-ing was the only answer as there was no Indian Airlines flight that day. MCF hired UB Air's Dornier and ten senior executives of UB and MCF flew to Mangalore. Says N.B. Chandran, managing director, MCF, "On board, we had a meeting with our chairman, which would not have been possible on a regular Indian Air-lines flight. Also, it was economical for ten of us to fly together."

But not everyone who charters has cost savings exactly on top of his mind. The CEO of a multinational went overboard when he flew as the sole passenger from Bangalore to Pondicherry. The plane was kept waiting there while he drove to Chidambaram to deliver a lecture at An-namalai university!

■ DEVAPRASAD PUROKAYASTHA



"A LEGEND WITH LEGEND"

INDIA'S FAVOURITE CAR TYRE

MRF RH L1

ttending a press conference where **Russi Mody** is at tre stage is always a refresh- experience. Mody's ready can always be trusted to en up an otherwise drab air. Last week, he was at his morous best while presenting co's financial results. He was ked which company he was anning to take over. Mody



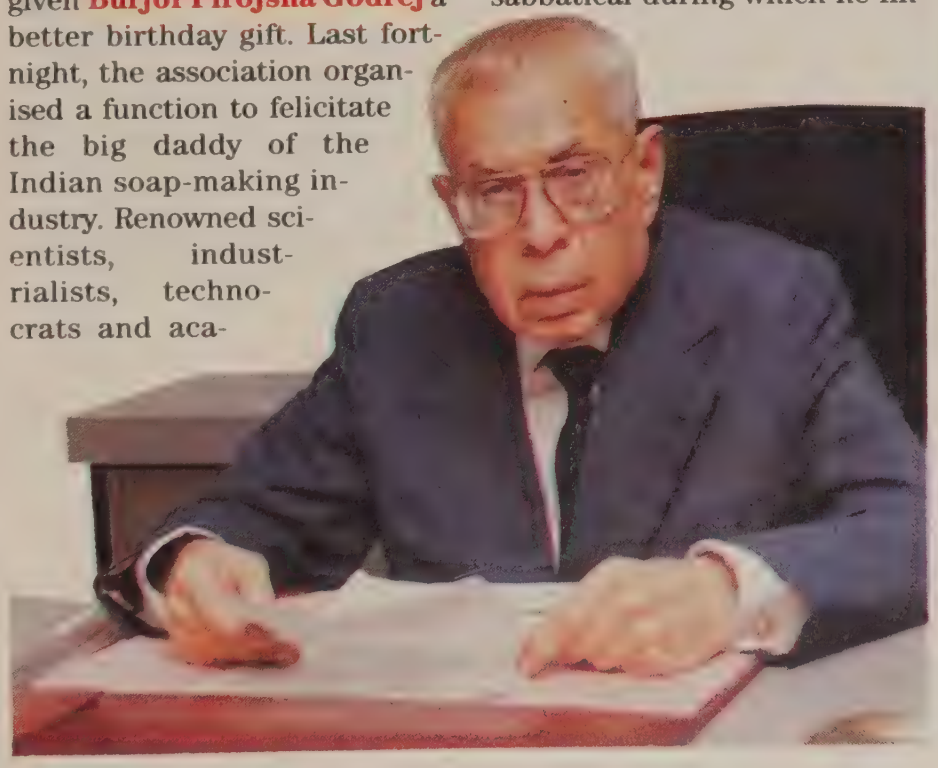
poked around, and noticing hat Ratan Tata had just left the oom, replied, "Telco." Another cribe wanted to know who would succeed him. The steel nan put on a mock serious ex- pression and replied solemnly, I do not want to discuss my pri- ate life in public. All I can say is hat I am growing younger every lay." Mody, who is in his seven- ies, was definitely feeling elated. Tisco's good perfor- mance, of course, added to his ovial mood.

Joining the growing list of Indians featured in the *Guinness Book of World Records* is **Rajendra Singh** of Udaipur. Braving blinding sandstorms, congested traffic



It was his 75th birthday, and the Oil Technologists Association of India could not have given **Burjor Pirojsha Godrej** a better birthday gift. Last fortnight, the association organised a function to felicitate the big daddy of the Indian soap-making industry. Renowned scientists, industrialists, technocrats and academicians from all over India praised Godrej's achievements. A pioneer in the science of making soaps from fatty acids, he is also credited with being the first to introduce deodorant soaps in India. Besides, Godrej is also a keen student of the German language, and is keenly interested in horticulture.





There must be more to life than just journalism, feels the greying young egghead, **Mukul Sharma**, editor of *Science 2001*. Much more.... Having traded cushy prospects in his family's agrochemicals business for a "creative" career as a freelance journalist, the fortyish Calcuttan is game for trying out anything new. From writing to photography to acting in a Hindi movie, he has done it all. Now he's back from a year-long sabbatical during which he finished three books: a novel a computer book for the layman and a collection of "Mindsport", his popular column in the *Illustrated Weekly*. He now plans to organise an exhibition of portraits shot by him.

A week after **Javed Khan**'s unique feat of breaking 500



one-inch-thick wooden boards in an hour, the congratulatory messages are still pouring in. At his evening classes in a south Bombay school, fans and well-wishers bow before the 27-year-old taekwondo third degree black belt and congratulate him reverentially. Khan accepts these gracefully, but says he has a long way to go. He will be participating in the world taekwondo championships in Leicester soon, after a gap of five years. The last time he took part, he was disqualified in the quarter-finals for being too aggressive. "I was disqualified simply because I had beaten up an Englishman," he says with a shrug. Khan, who is the son of a Pathan father and Gujarati mother, says he loves to fight. "This is my passion," he says, "just as other people have other passions. But I fight only when the fight is challenging. And then I fight to win."

Banking on quality



With the introduction of its thrice-weekly Zurich-Delhi flight, Swiss Air plans to increase its share in the growing Indian market. The airline will fly its new Mcdonnell Douglas' MD-11 aircraft on this route from January. Swiss Air chairman **Otto Loepfe** *spoke to R.S. Venkatesh of* Business India *about the airline's post-recession strategy and the Indian sector*

What impact did last year's recession have on your airline's performance?
In the 60 years of our existence, it was only the second time that we did not declare a dividend, though we did end up with a small profit. That shows how severe the recession of 1990 was. Apart from the Gulf war, the problem was aggravated because some airlines tried to expand too fast. We ourselves had targeted for a conservative 5 to 6 per cent growth in passenger load, but others were over-enthusiastic. The result was excess capacity which pushed fares lower, making it difficult for the entire industry.

Is your airline in favour of a publicity gimmick like the one British Airways had of offering free seats worldwide?
No, we are not. We believe in riding out the waves. We bank on our quality and we will compete on that level.

You have introduced New Delhi in your map at a time when both tourist and business inflow into this country is at its lowest?
I know the natural reaction is to shy away, but we believe that this is a transition period. In fact, it was India's tourism year — 1991 — that prompted us to come here. We are in touch with tour operators abroad, and the indications are that more and more tourists and businessmen are going to come here. India is more a continent than a country, and I am confident we will do well here.

Does that mean you are changing your image as an airline which primarily services the business sector?
We plan to have a 50:50 ratio of tourists and business travellers on this route. Destination Delhi will offer both the attractions of northern India's beautiful tourist spots and the capital city's business opportunity. I foresee a lot of foreign investment coming to India and we will be there to bring in the businessmen. In fact, we have shifted our entire accounting department to Bombay, and it is working very well.

What are your passenger load targets for the Zurich-Delhi sector?
It is the lean season now, and business will pick up after the monsoons. We to carry an average of 150 to 160 passengers per flight after three m We have been operating out of Bom since 1957, and that experience has been very good. So I do not mind ho long the gestation period will be. We have been in the airline business for years and we are here to stay.

You will be facing stiff competition from Lufthansa and British Airways which are doing well here.
We know what competition is and we used to surviving in a competitive market. Switzerland has 62 schedule airlines flying into Zurich, and we are doing well there. In fact, 77 per cent o our passengers are non-Swiss, so competition does not deter us.

How does your airline plan to tap th newly opened eastern European and USSR markets?
We already have operations in all East European capitals, but I think it will take some time for the market there to mature. We have also introduced flights to Leningrad and Kiev in the USSR, but that country is going through serious political and economic problems. Of course, these two regions are potential long-term markets, and we are gearing up to service them.

Do you plan to maintain your airline's working alliance with Fin Air, Aas and Austrian airlines?
Of course. Together, we account for 42 per cent of all air passengers. The alliance is advantageous to all of us. It helps us cut costs, and gives us an edge when competing with the bigger airlines. I foresee more such working partnerships between different airlines because it is getting difficult to fight it alone in today's marketplace. We are already witnessing mergers between smaller airlines, and I think working alliances offer the second best alternative.

Other airlines have complained about the airport facilities available here. What are your views?
Yes, there is scope for improvement. The airports here can be modernised to meet international standards. But the main thing is that India has gone through a difficult phase politically, and a little stability can generate a lot of goodwill from abroad.

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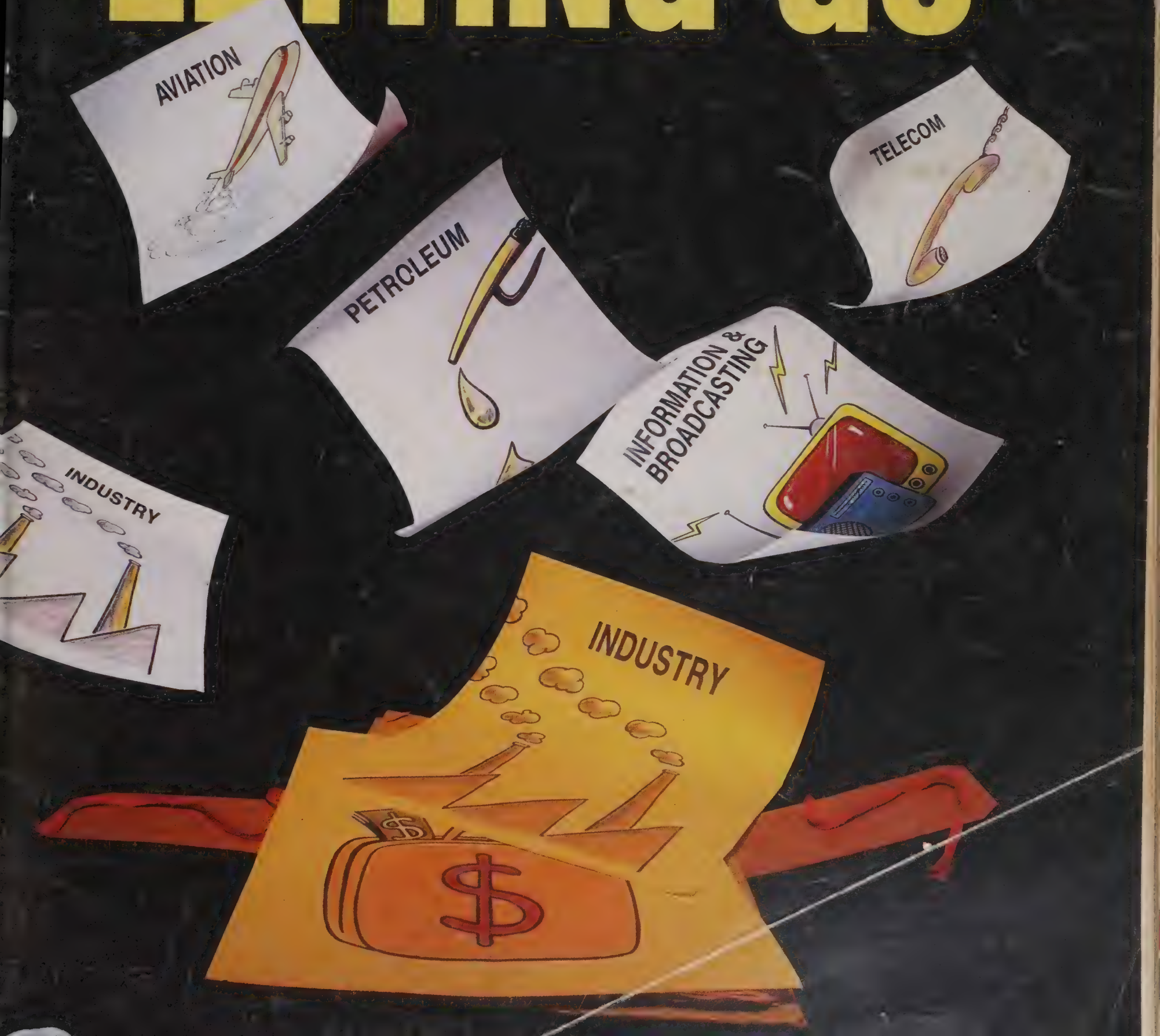
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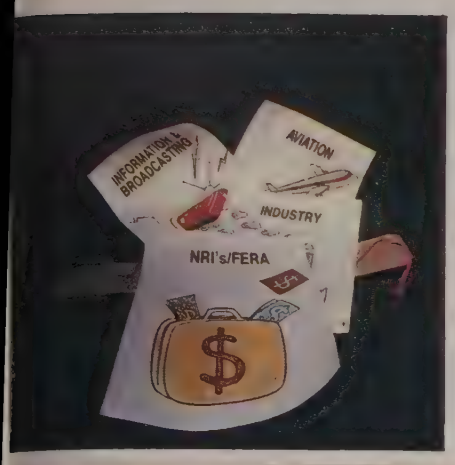


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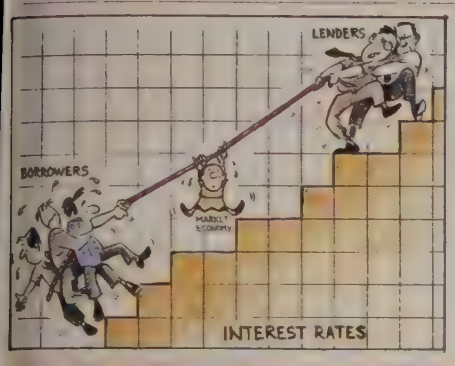
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LETTER FROM THE PUBLISHER

The new government deserves to be supported fully for facing the harsh economic realities squarely, and taking tough decisions quickly. We are now beginning to see the shape of things to come.

The Left is up in arms and the old guard socialists within the Congress are resisting strongly. To be sure, there are legitimate and serious concerns that arise out of any restructuring. The most important concerns are obviously prices and unemployment. The fear is that by opening up, there will be large-scale disruption of industry. A direct result will be shooting price increases. Both of these neither the middle class nor the working class can afford.

It is unfortunate that large sections of the intelligentsia have this almost knee-jerk reaction to any opening up or letting go of controls. One only has to look at the lessons in recent history in the West. No politicians or bureaucrats in America liked seeing a giant US airline like Pan Am bankrupted. Nobody in Britain liked to see the original Rolls Royce company go under. The British certainly did not like their giant shipyards and steel facilities humbled in the early Thatcher years. The only reason the western public accepted deregulation and decontrol was that the economic cost of supporting these industries was just too high.

Unfortunately, in India, while lip service is always paid to the common man and the poorest of the poor, the truth is that the same politicians just do not face up to the enormous economic burden being put on the common consumer only to support and protect inefficient industries. Because the cost — in the form of higher prices, paid every day, for manufactured goods — is borne silently by the tolerant majority, their interests are neglected. In fact, it would be more accurate to say that the very persons, now, fearing a price rise, have just not realised the fact that Indian consumers pay such high prices for articles they use every day. As for the unemployment and other disruption feared by restructuring, nobody denies there may well be some initial disruption, but the subsequent rapid growth not only absorbs everyone quickly, but also creates many more new jobs.

The truth of the matter is these changes are inevitable. Even the Russians and Chinese with their rigid socialist system now extoll the virtues of market forces. How long can we be different? We strongly feel that the government, by acting firmly, is taking the necessary restructuring steps while still in overall control of the economy. If these new measures are not pushed through, we will soon be overtaken by events and left way behind.

Ashok H. Advani



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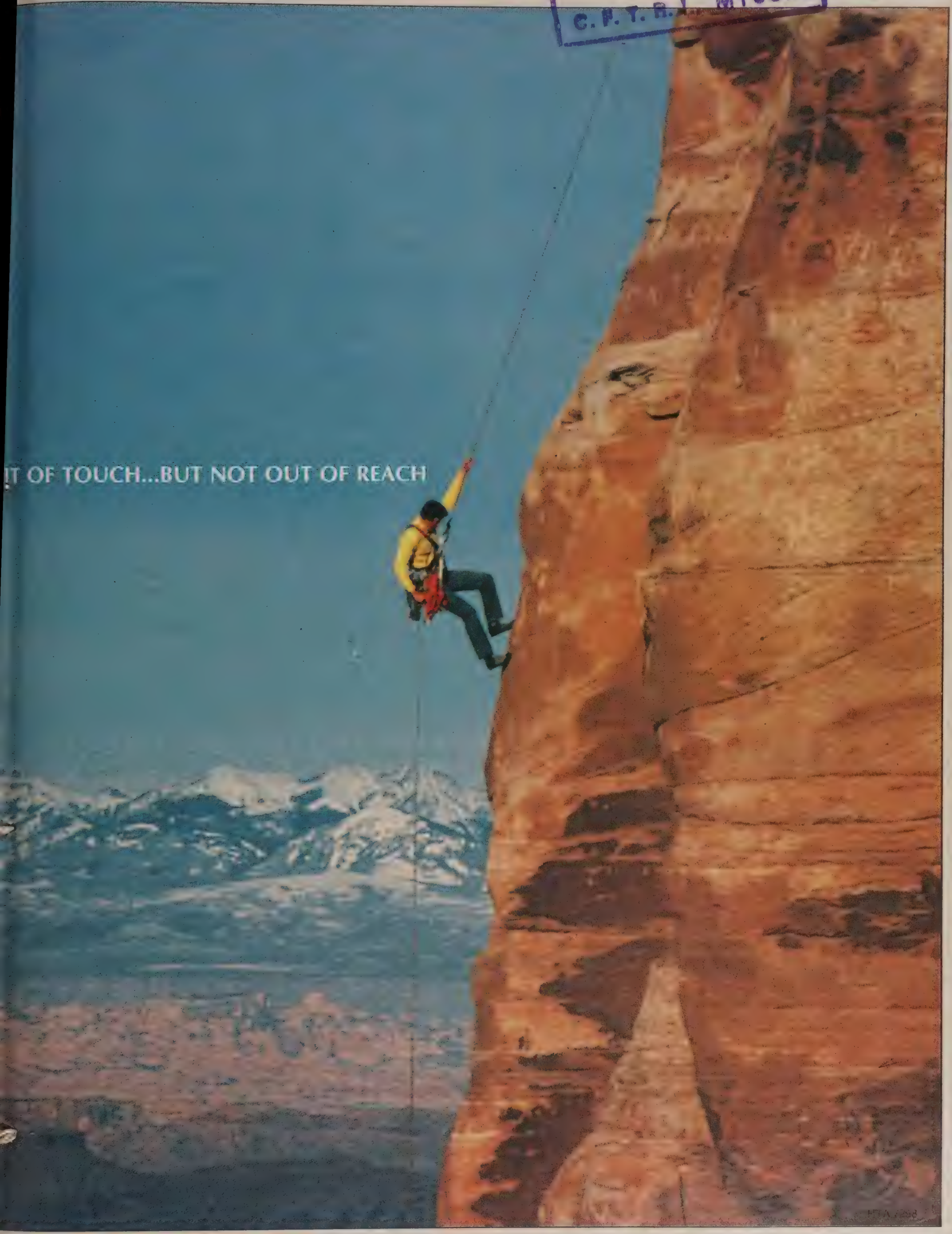


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C. P. T. R. I. MYSORE





• Mark the contradiction

Your Cover Feature on the role of UTI (10 June) was excellent and thought-provoking. I was also impressed by your forceful yet poignant expression of realities in the Letter from the Publisher regarding the problems UTI and other financial institutions under the state syndrome are facing.

Yet, see the contradiction. The government stifles UTI's normal impulses for growth and motivation of the corporate community in our country. It is squeezed by its own logic that seminal institutions should not be allowed to cross frontiers with freedom lest they wield their power on profitable lines.

A.N. DUTTA
Calcutta

• Unfair criticism

From the entire tone and contents of the article 'First the tragedy, then the farce' (Cover Feature — box, 27 May), it is evident that the writer has criticised the Nehru family only for the sake of criticism. He has completely failed to appreciate that the same Nehru family — Jawaharlal Nehru, Indira Gandhi, and Rajiv Gandhi — have made so many sacrifices for the country. No doubt, there were certain lapses or shortcomings in their policies, but on the whole, all of them proved to be far better than many other prime ministers of India.

C.R. CHINCHANKAR
Bombay

• Your Cover story on Rajiv Gandhi's assassination by N. Radhakrishnan and Eapen Thomas was an excellent evaluation of his impact on the Indian economy and politics.

However, the box titled 'Saving the party' by Ruchira Gupta was the worst I have ever seen in *Business India*. The writer seems totally confused and there is absolutely no flow in the story.

She first writes that Narasimha Rao was present at the meeting of senior Congressmen held at 10, Janpath, soon after the assassination. Then, she says that his name was proposed to fill in the gap till the elections, because he could not stick to the chair in the long run. How could such a thing have been said about a respectable septuagenarian leader in his very presence?

The story alleges that Priyanka had convinced Sonia to say yes to the Congress presidentship. It adds that Sonia's refusal was part of Congress strategy, and that she would be pressured by party workers to accept in a day or two. This is totally absurd and lacks any substance. It has been weeks since Sonia's first (and probably final) refusal. These allegations have been proved wrong.

One of the golden rules of quality journalism is that a writer should attribute all important pieces of information to some source, unless it is common knowledge. Can Ruchira Gupta disclose the source of these extreme suggestions? Obviously not, because it is none other than a figment of her imagination.

AMIT BAGARIA
Calcutta

• It works, and how?

The article on vastu shastra was quite entertaining and amusing (Lifestyle, 27 May). We have one sure fire formula for success — just build your factory as per vastu shastra and live happily ever after. The product quality, technology, management and other mundane things will take care of themselves. The corollary being: most public sector companies do not follow these rules and are therefore in the red. Just rearrange everything and presto, Indian Iron and Steel Company (IISCO), National Trading Corporation (NTC) and Heavy Engineering Company (HEC) will all start making profits!

P.Y. KULKARNI
Bombay

• For the record

In the article entitled 'Succession battle ends' (27 May) the writer has stated, "Goenka's only son, Bhagwan Das Goenka (Saroj's husband) died childless about ten years ago." This statement is incorrect, as my husband, the late Bhagwan Das Goenka was the father of three daughters.

SAROJ GOENKA
Madras

The error is regretted.— Ed.

• Looking homewards

That MRTP have finally cleared the Escorts project is good news — "Escorts to make harvesters" (News and Events, 27 May). This comes close on the heels of Escorts crossing the Rs.1,000 crore mark in sales. But, its main plant centre in Faridabad seems to be bursting at the seams and spilling over to the roads and parks meant for public utility. Escorts must do a Jamshedpur in Faridabad and establish colonies for their working staff.

PADMA WAHEED
Haryana

• Cut to size

This refers to the article on Banking Service Recruitment Boards, 'Time for review' (Banking, 27 May). The estimates committee of Parliament recently pointed out deficiencies in the method of recruitment to public sector banks. There are at present 16 such recruitment boards (BSRBs) including the central recruitment board of the State Bank of India.

In the interest of national economy, it is enough if we h seven to eight BSRBs (includ the central recruitment bo for the SBI group) now, as visaged in 1978, with e board effectively serving tw three states.

Further, their functioni leaves much scope for improv ment. There is practically no nancial control over the working and most of them are deficit. It is essential to stu the working of these BSRBs make them viable. In additio the present chairmen of BSRB who are mostly retired admini trators, have outlived the usefulness.

S. KALYANARAMAN
Madras

• Ditching old faithfuls

While reading the feature 'Th old faithfuls' (29 April), I wa reminded of the days when peo ple used to be known by the company they worked for — Wimco Lakshmanan, Asbestos Iyer, HMV Parasu, Good Year Gobi Ettan, etc.

It would have been nice if the article had covered companies which have been through mergers, takeovers, changes in management, institutional monitoring and massive restructuring, etc. The article should have also covered companies which, in their zeal to expand, laid more emphasis on qualification rather than experience absorbing young, brash and qualified persons.

P.N. VISWANATHAN
Madras

• Errata

In Businessmen in the News, 10 June 1991, the president of Whirlpool Overseas Corporation was wrongly referred to as Richard Frey. His correct name is Robert Frey.

• In the FYI titled 'MBA for Agriculture' (29 April) the name mentioned as G.D. Naidu Agricultural University should read Tamilnadu G.D. Naidu Agricultural University (formerly Tamilnadu Agricultural University) Coimbatore.

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Listing the Eximscrip



The Eximscrip — a blanket entitlement to import dutiable capital goods at 30 per cent of free-on-board export value — will have an issued value of Rs.10,000 crore in the next 12 months and a likely market value of Rs.13,000 crore. The quantity issued is expected to grow at 25 per cent per annum over the next three years in line with export growth. Its quantity may grow even quicker if the government decides to raise the proportion of imports to be financed by exports or if it decides, in all fairness, to allow all foreign remittances (including NRI repatriations) to earn Eximscrip entitlements.

Sometime in the next two years (when the Eximscrip is converted into a Foreign Exchange Certificate), an Eximscrip holder will receive the additional right to convert the scrip into foreign exchange. After about three years, the Eximscrip will be replaced by a convertible currency.

Since about 30 per cent of import entitlements have typically been traded (the rest being used for captive consumption by exporters), there will — given the higher entitlements now allowed — be about Rs.8,000 crore of Eximscrips of different maturities available as floating stock for trade. This is expected to finance 20 per cent of imports initially. Hence, it is important for a high-volume, well-priced market to quickly be created for Eximscrips.

This requires, first, standardisation in terms of face values and maturity dates. Once the government accomplishes this, the second requirement will be that there are low buy-sell spreads, quick deliveries and rapid price adjustment to changing economic events (particularly RBI's exchange rate adjustments and export performance).

The government has several options before it to create a market. It appears to be in favour of doing so by allowing public sector financial institutions like the Unit Trust of India to trade in these scrips. It is hoped that this will get over the current situation where an informal, low-volume market consisting of import brokers currently trades replenishment licences over the telephone. Another option is to allow banks to create markets in the manner done for foreign exchange.

Such thinking misses the real opportunity — that of listing the scrip on the Bombay Stock Exchange and other stock exchanges. The Eximscrip, listed, would be the largest scrip on the exchange, thrice the market value of the current leader, Tata Steel. Given the large quantity available with a market price dependant on export performance, the scrip will not be susceptible to insider trading while at the same time being well-suited to forward trades. Hence, dozens of competing stockbrokers would choose to make markets in this scrip and large volume would thus be available.

This in turn would lead to very low spreads, probably below even the quarter per cent that rules for most forward shares on the BSE. Compare this with the three-quarter per cent that banks currently charge for foreign exchange, and the 2 per cent plus rates charged by import brokers for rep licences and by UTI for its securities. In addition, the possibility of rapid price movements in Eximscrips make them intrinsically unsuited to institutional market-making.

There is another reason to list Eximscrips. It would revolutionise the stock exchanges in two ways: it would provide small investors with their only (and hence valuable) access to a security virtually denominated in foreign currency. Second, it would provide to the supply-starved stock exchanges a new, liquid and substantial marketable security. It makes sense to list Eximscrips.

Governments and development



In the current liberal mood in India and abroad, much government spending is viewed as wasteful. Yet in vital areas like education, the government has no option but to provide the funds (although it could allow the private sector to manage the money). That is because education is a "public good", i.e., less is spent by private choice than is socially desirable.

Should government restrict its active role to the well-known "public goods": education, health, defence, family planning, environment and a physical, administrative, regulatory and legal infrastructure of good quality? Or can it do more than that? This relationship between governments and capitalist growth in developing countries is the key question of the recently released World Development Report (WDR).

The answer to the second question is yes, it can usefully provide a little-recognised public good: a stable macroeconomic foundation. Too often, as the WDR notes, governments ignore the usefulness of fiscal and monetary policy in setting the right climate for growth. Instead, these are used as equally acceptable means of raising resources for government expenditure. This distorts growth because government's resource raising is either inflationary (when it prints too much money) or through fiscal policies that are

politically expedient (like promoting industry through subsidies at the expense of agriculture) or quickly profitable (like over-taxing the tea industry).

The WDR advocates moving towards a prudent fiscal policy of controlled deficits and sector-neutral taxes, a monetary policy of using tight money to control inflation and a competitive real exchange rate.

But how quickly should reform proceed? This is an important question for India where the government has introduced several distortions in the price mechanism in order to channel growth into or away from particular directions, for example, by overpricing air-travel or underpricing drugs.

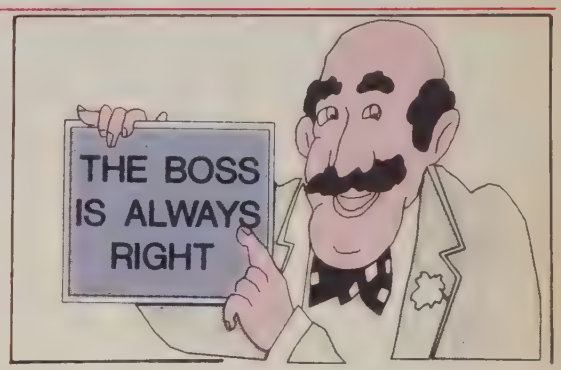
The WDR tries to answer this question by looking at the experience of successful reformers like Korea and argues for speedy reform — although the pace of reforms depends partly on their nature. Price reforms can be done quickly while developing new or better institutions such as privatising power generation entirely takes time. In general, speedy reforms have been found to work in times of acute crisis because of the existence of a political consensus in emergencies — a point relevant for India.

The WDR's second plug is for globalisation — another little-recognised public good. Increasing global competition raises the demand for new technologies worldwide and thereby raises living standards. Second, the availability of new technology in developing countries depends on its degree of integration with the global economy. This is because new products and processes are transmitted through imported inputs and capital goods, sold directly through licensing agreements and transmitted through direct foreign investment or export contacts with foreign buyers.

Yet most developing countries, including India, have restricted international trade and foreign investment in order to promote industry and raise revenue. Access to foreign technology has required, in many cases, government bureaucrats to select "approved" technologies. The net result has been lower growth and, ultimately, worse trade balances.

The theme of this year's WDR — the interaction between government and the economy — is the main issue for India in 1991. Recent policies suggest that World Bank and IMF documents are proving to be useful primers for the economists in the Indian finance ministry. The WDR will be no exception.

The corporate monarch



Those who can, control. Those who can't, delegate. Despite what they may publicly profess, chances are that a good many public and private sector companies will be led by a corporate monarch who surveys and decides all.

Why does the Indian chief executive display such a marked reluctance to relinquish his hold? The reasons could be partly historical and related to the growth curve of the enterprise which he heads. Small firms often start as one-man shows with a few loyal employees, and yielding control when growth occurs is equated with an erosion of the chief's power base.

A Darwinian resolution of the problem ought to be a natural consequence of unprofessional management. Over-centralised organisations ought to fail and thereby lose out to firms that delegate responsibly. But the problem here lies in the fact that managements are rarely changed because of poor performance. The bankers who finance them have a history of throwing good money after bad in an effort to recoup the bad, until the company goes sick.

Even in publicly listed companies, where shareholders theoretically own the company, the system fails. This is because shareholders are comparatively poorly organised or informed, and in such situations it is possible to shroud important decisions and the management structures that underlie them in a veil of secrecy. Putting a representative of smaller shareholders on the board of directors will, in consequence, not succeed in resolving the problem.

Similarly, the auditors of the company do not legally have the brief to look at this issue. Even if they had the capability, they are not likely, given the close nexus that often exists between control-oriented managements and their auditors, to have the willingness.

What then is the solution? Ultimately, delegation should be part of a wider concept of accountability. The manner in which the government has tried to induce accountability through legislation and directives from the financial institutions and their board nominees has failed. Appointing board members from among financial institutions has not prevented poorly run companies from defaulting on their loans, let alone improving on their performance. This has happened because the nominees are all from public-sector financial institutions with short-term transferable appointments. This gives them no incentive to undertake an in-depth study of management systems within the company they have lent money to.

The way out is to improve the information base about companies to shareholders. Shareholders can then react to highly centralised management by selling off their holdings (and thereby bidding down the share prices) if they do not like what they see. But this requires an organisation like the Securities and Exchange Board of India (SEBI) to make companies publicly reveal their organisation and compensation structures, perhaps in the annual report. SEBI could, in effect, be the management auditor of the company.

Until then, the corporate boss's right there will be none to dispute.

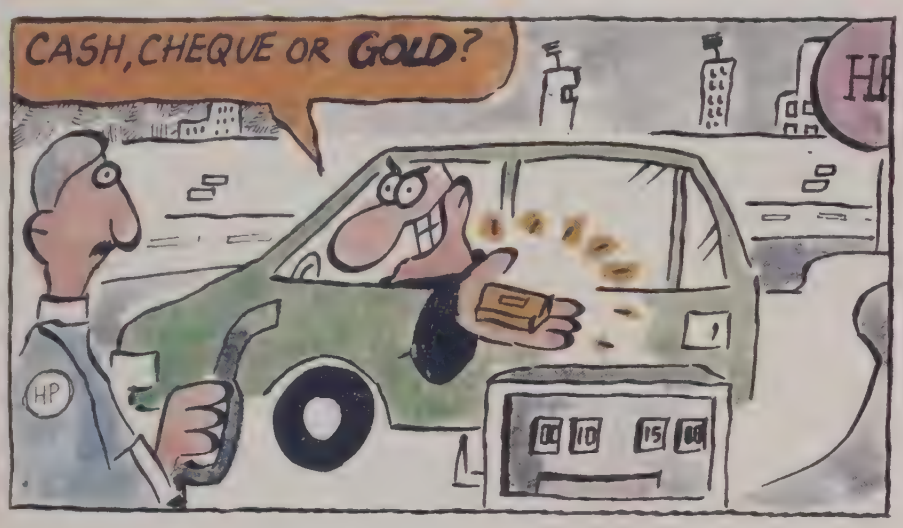
Golden geese

The Bombay Bullion Association says that the stock of gold in private hands in the country is estimated at about 7,000 tonnes. Of these 7,000 tonnes, even if the government collects or the people surrender a mere 10 per cent, then the country can technically have extra assets worth $10 billion. Indirectly, we could also say that the Treasury would then possess a stock of 1,000 tonnes against the present stock of only 300 tonnes. And this would take care of our balance of payment crisis right away.

Since most of our foreign exchange is lost on petroleum products, this sector could be brought within the purview of a scheme wherein gold bonds are issued to vehicle owners and supply of diesel and petrol made against such bonds only. The amount of gold to be deposited can be determined according to the vehicle type in the following manner:

Vehicle Type	Nos. in lakhs 1990	Gold to be collected from each vehicle owner & Indian Rs. to be paid as per local market rate	Total amount of gold Kilo
Two-Wheelers	96.10	20 gm	1,92,200
Three-Wheelers	4.65	30 gm	13,950
Cars, Jeeps & Taxis	21.60	100 gm	2,16,000
Commercial Vehicles (goods) + Buses	13.63	200 gm	2,72,600
		Total	6,94,750

Note: Vehicle statistics compiled by the Planning Group on Road Transport (PGRT)



Similarly, industrial imports could also be synchronised against gold deposits instead of increasing margin money to 100 per cent or 200 per cent in Indian rupees. For this purpose, different rates can be formulated for different industrial product groups depending on the value of imports and quantity required.

T.S. BHANDARI
Bombay

Hear, hear

Did you ever think that travelling in Bombay's Bombay Electric Supply Transport (BEST) buses could prove instructive?

So it seems with the BEST which has introduced buses equipped with audio systems. As soon as you step into the bus, you hear a welcome address followed by music and then a recorded voice goes on to inform you that you must purchase your ticket, not crowd at the gates and avoid picking up any unidentified parcel lying around. (The last instruction inspired by recent bomb scares, perhaps.)

BEST officials say that these audio system-equipped buses (four so far) have been started on an experimental basis. And while 20 more are scheduled to begin operations, if the response is favourable, the audio system will become a regular feature in BEST buses.

Overdose!

Last month the excise commissioner of Madhya Pradesh invited sealed tenders for the supply of 105,000 kg of cleaned *bhang*, or opium as it is more popularly known, to be harvested during the year 1991-92.

Madhya Pradesh is the largest producer of opium in India, a fact unknown to many. Of the total 19,558 hectares under cultivation, MP has 9,830 hectares. In terms of production too, MP accounted for half the amount — 387 tonnes of the 720 tonnes — produced in the country in 1987-88. Also while the national average yield is 36 kg per hectare, MP produces 39 kg.

To avoid any misuse, most of the opium cultivated is bought by the state government which later uses it for the manufacture of morphine and other related drugs.

OFFICE OF THE EXCISE COMMISSIONER
MADHYA PRADESH

**TENDER NOTICE
FOR SUPPLY OF BHANG**

Sealed tenders are invited for supply of 1,05,000 kilograms (one lakh, five thousand kgs) cleaned Bhang of crop 1991-92, during the year 1991-92. The terms and conditions of Bhang-tender may be obtained from the office of the Excise Commissioner, Madhya Pradesh, Gwalior on any working day upto 1 PM to 10.6.91. The Bhang supplier interested for making supply may submit his sealed tender to the office of the undersigned by 3.30 PM of 10.6.91. The tender will be opened at 4 PM on the same day, i.e., 10.6.91 in the presence of the tenderers. Tender may also be submitted for lesser quantity of Bhang which shall not be less than 20,000 kilogram.

Gwalior
Date: 21.5.91

Excise Commissioner
Madhya Pradesh

The rise of the forint

While Citibank in its recent newsletters predicts a gradual depreciation of the Indian rupee to Rs.30 per dollar, Hungary on the other hand is moving towards full convertibility of the forint by 1993.

It may surprise foreign visitors leaving Budapest's Ferihegy Airport — still carefully quizzed about any forints they may be spiriting out of the country — to learn that the forint is virtually convertible according to the country's central bank.

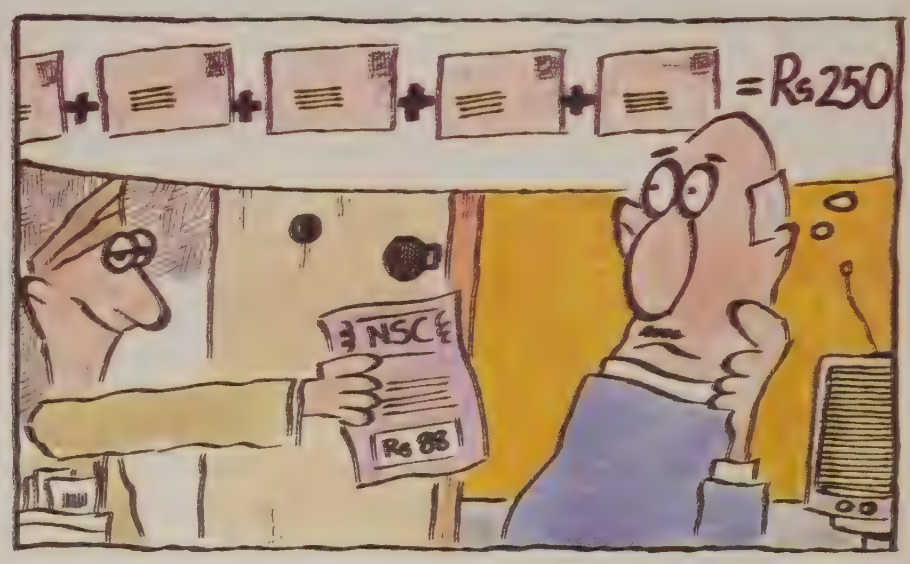
The National Bank of Hungary's argument is simple. Some 95 per cent of imports are now fully liberalised (with the exception of drugs, precious metals, and a handful of consumer goods) and importers can change all their forints into any convertible currency.

Despite the appearance of convertibility however, the barriers to the free movement of capital are obvious. A central bank spokesman explains: "There are still serious restrictions on the forint as regards individuals. The hard currency quota is still $50 a year. At the same time, people still buy and sell hard currency on the street at blackmarket rates 10 or 20 per cent higher than the official rate."

Where's the fire?

English scientists have developed a paint that triggers a fire alarm even before the flames begin. Developed for the British Navy, this alarm is said to detect fire much faster than other smoke alarms available in the market. When this special paint is exposed to heat, it immediately releases tiny traces of ammonia which set off an alarm.

Try try and....



For the Consumer Education and Research Centre (CERC) it was a victory of sorts — this time against the finance ministry. A complaint was filed at the CERC by one R.P. Shah, saying that he had not received interest for the month in which he had deposited the money in spite of depositing it on the first of that month.

As it happened, Shah spent more than Rs.250 in correspondence from November 1989 to May 1991 to claim his interest of Rs.88 on his investment of Rs.10,000 in National Savings Scheme (NSS). And the people he had to correspond with ranged from R.K. Saiyed, director general of posts, New Delhi to ex-finance minister, Madhu Dandavate. The complaints however finally paid off — not only was Shah given the benefit of doubt but NSS rule 6(11), which relates to interest payable on NSS was also suitably modified by the finance ministry after pondering over it for 18 months.

Thanks to Shah's efforts, with effect from 1 April 1987, depositors will get interest for one more month. Interest will be allowed for a calendar month on the balances at the credit of an account between the close of the tenth and the end of the month, calculated and credited in the account at the end of each year.

Trading pollution control

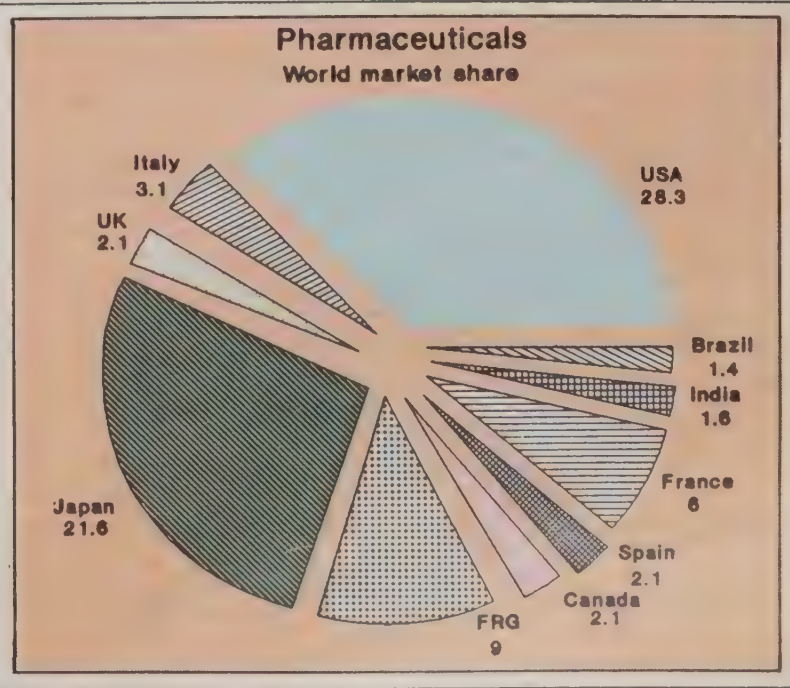
Environment issues were hotly debated in the World Economic Forum 1991, held in Daves in Switzerland, and means were suggested by which global percentage cuts in pollutants could be effected.

According to Norwegian prime minister Gro Harlem Brundtland and chairperson of the World Commission on Environment and Development, "Percentage reductions have provided a licence to pollute up to a certain level for many who actually could have performed much better." And in view of this a new idea was proposed — tradable carbon dioxide ($CO..._2$) quotas. First, a global ceiling for emissions is agreed. Then each country or region may reduce emissions according to an emission quota within this global ceiling. Countries or regions could then choose to use their quotas or to trade them. Countries where the costs of reducing emissions are high could buy quotas from other countries where such costs are low. Emission quotas could be paid for in various ways, in money, deliveries of pure energy, trade agreements, or a mix of these.

Strong medicine

The current world pharmaceutical market is believed to be worth $130 to $160 billion. In 1987, 10 countries accounted for 81.6 per cent of the world pharmaceutical market (excluding Eastern Bloc countries of $117.5 billion).

The world's 50 largest pharmaceutical companies produced two-thirds of world output and supplied 50 per cent of the pharmaceuticals consumed by developing countries.



Difficult times ahead?

Notwithstanding his political connections, Bank of India (BoI) chairman, R. Srinivasan, who is on three months' extension and now believed to be aspiring for a deputy governership of the RBI may have difficult times ahead of him.

Srinivasan's bank registered a profit of Rs.22.46 crore for the year 1990-91 (as against Rs.18.11 crore for the previous year). Which is fine. But problems have arisen because the statutory auditors have commented that a bad and doubtful debt of Rs.130 crore, for which no provision has been made in the books, has been used to bolster the profitability of the bank.

This is not all. The operations of the New York branch of the bank has been at the receiving end of flak from the Federal Deposit Insurance Corporation (FDIC) of the US for making "huge loan losses". The FDIC now wants BoI to repatriate Rs.100 crore to the US to make up for this.

Has the charm faded?

Things are not quite hunky dory in the UB group these days. At least it appears so with quite a few senior associates of chairman Vijay Mallya leaving the group. For instance, Satish Kaul, a director in charge of breweries, left to join a Chhabria company in Dubai. The vice-president of the international division, Shrikant Bojkar, has also quit. And finally, Charanjit Taneja, a whole time director of McDowell and Co, will soon be joining Standard Chartered Bank at Bombay as director, finance.

Has Mallya lost the charm that had once attracted top corporate professionals in the past?

Outward ho!

The massive devaluation of the rupee has certainly opened up good opportunities for exports and some companies have been quick on the uptake. Ceat Ltd, the flagship company in the RPG group, is one such.

About three weeks ago, a senior executive of RPG signed an MoU with Lucky Goldstar of South Korea to export 1 million 14-inch black and white (B&W) televisions to that company for re-export. For the purpose, Ceat's electronic division, Murphy, which merged with Ceat last year, is setting up a B&W TV plant at Gandhinagar in Gujarat. The plant will probably have a capacity to make 1.5 million pieces a year and the surplus after the export will be sold in the domestic market. The cost of the project is estimated at Rs.20 crore.

Meanwhile, another RPG group company, the Bombay based International Computers Indian Manufacturers (ICIM), has taken a decisive step towards exports by setting up ICIM International in California, US, as a subsidary recently. The latter will take over all the export related activities to the US, UK, Europe and Far East from the parent company in India.

The RBI has permitted ICIM to invest $1 million in the new company.

All in the money game

The foreign exchange squeeze has been acutely felt in the money markets. These have virtually dried up and the little money that is available, is costing banks a fortune. Of course there are those who are making windfall profits in the game. N.C. Singhal, managing director of the Shipping Credit and Investment Corporation of India (SCICI), is one such.

The funds mobilised by SCICI from international markets a while ago had no takers as potential buyers in the shipping industry are awaiting the ship prices to soften a bit. In the meanwhile, SCICI thought of lending it in the overnight call market where the rates are touching the skies.

According to one estimate, SCICI lent about Rs.200 crore in the past three months, of which sources confirm Rs.150 crore has come to the money market. At an average rate of 30 per cent earned on call money, SCICI has already earned a hefty Rs.11.25 crore in the first quarter itself. It is also said that SCICI has lent the remaining Rs.50 crore to big brother ICICI.

Easy bucks

One of the newer games in town is unofficial dealings in Russian roubles, and East European currencies, in three way transactions. It's really quite simple, and very lucrative at that. It's played like this.

The opening gambit is to 'export' software and other such items to Russia. Of course, this 'export' is only on paper and no real transaction of goods takes place. At best, dummy goods are shipped. Before the papers are filed here in India, the 'exporter' sends dollars to the Russian 'buyer' through a *havala* transaction. The Russian, in turn, converts the dollars into roubles at the higher unofficial rate there. He keeps his cut and sends the balance roubles to his Indian partner as 'payment' for his imports.

The roubles so 'earned' by the Indian are converted to rupees here at the official artificially inflated rupee-rouble rate. The exporter not only makes money on the exchange but is also entitled to treat his export earnings as tax free.

Bankers have a name for this game — three-way arbitrage. That doesn't make it as legal as it sounds though.



Singhal: making windfall profits

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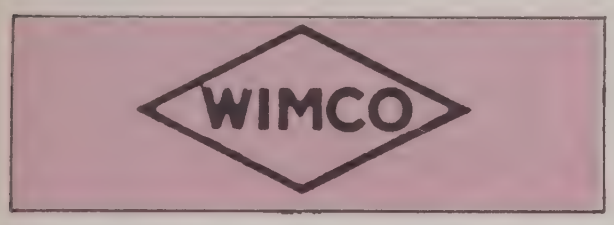
WIMCO

Uncertain future

Almost 10 months have passed since the match manufacturing giant Wimco was sold by its Swedish parent Swedish Match AB to Delhi-based Flex Industries Ltd (see *Business India*, 6 August 1990), yet the Reserve Bank of India has not granted approval to the Swedish company to repatriate the foreign exchange that will accrue to it from the sale. This has led to speculation about the future of the deal.

Now, rumours are rife about certain parties picking up large chunks of Wimco shares in a bid to take over the company — though it does not appear very sensible since 40 per cent of the equity is with Swedish Match AB and 22 per cent with the institutions. And about 10 per cent of the shares is dormant. In all probability, as Wimco's shares are on the specified list, the purchases could be speculative.

New bidders. Also, because of the delay in the RBI clearance, some new bids have cropped up. According to B. Nordman, managing director of Wimco, some people have approached Swedish Match with offers but so far it has not changed its mind about the buyer. He confesses that the RBI clearance has taken longer than was expected and that Swedish AB cannot



wait indefinitely. Flex's Ashok Chaturvedi accepts that his inability to deliver ready foreign exchange is a drawback but is still confident that he will get the company. But if Chaturvedi's NRI partner, Aloke Srivastava were to come up with the foreign exchange on the deal, Chaturvedi could lose out on the control.

Interestingly, Wimco has done better to break even during 1990-91 after suffering a net loss of Rs.4 crore the previous year. Getting rid of unviable assets has contributed substantially to this improvement as it has also brought interest costs down.

■ FEROZ AHMED

MALCO

Tough fight in store

In a surprise development, on 10 July, the Madras Aluminium Company Ltd



(Malco) obtained an interim stay from the Madras high court, on the notice issued by the BIFR to wind up the company (see *Business India*, 24 June 1991).

A personal dimension has been injected into the proceedings with Malco taking umbrage at the comments made by R. Ganapathy, chairman BIFR, at a press briefing, held in Madras recently. Maintaining, that his statements signified an imminent closure, the company held that the BIFR chairman "has prejudged the issue", without waiting for the hearing scheduled for mid-August.

Many grouses. Malco has other grouses against Ganapathy — the first rehabilitation package, arrived at in 1989 fell apart when the TNEB went back on its commitment to supply power. Malco is sore that the BIFR did not pull up TNEB (Tamilnadu State Electricity Board) for reneging on its agreement. Also, the operating agency, the IDBI has not recommended the winding up.

Malco feels the points in its favour have not been taken into account *viz* the Supreme Court ruling in March 1991, directing the TNEB to supply 47 MVA of power and the fact that the government has not rejected its plea for excise exemption.

Malco is therefore working overtime to finalise the details of a Rs.37-crore rehabilitation package with the IDBI, aiming to reduce the cost of production of aluminium and alumina before the stay expires on 10 September 1991. With the lines firmly drawn, the battle for Malco will get tougher, as personalities are drawn into the fray.

■ DHARANI K. PANI

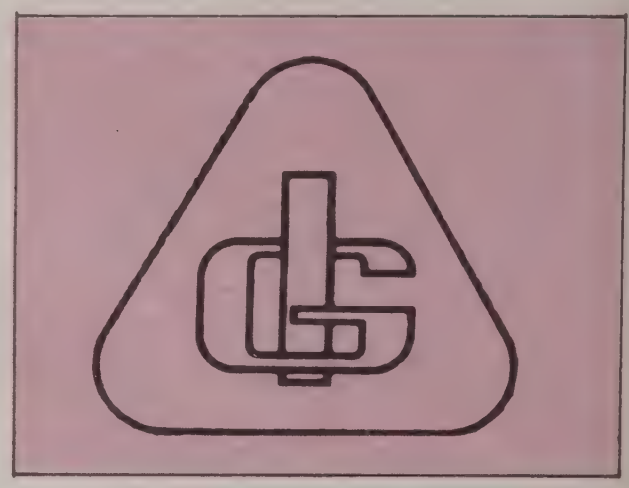
GAMMON (INDIA)

Fighting for survival

The accession of Abhijit Rajan, as managing director of Gammon India in June has not exactly remained a secret but even the company's closest competitors remain ignorant of the fact. "The loss of Subba Rao will be quite a loss for the company," says one competitor.

It was T. N. Subba Rao, reputed as a competent engineer, who really built Gammon. He also fought a tenacious battle to stave of a takeover threat from the Chhabrias, two years before (see *Business India*, 17 April 1989). He took help from a few quarters in his attempt to save the company from the takeover. Rajan, one of Rao's helpers, is said to be the 'white knight' — reportedly a proxy for film actor Amitabh Bachchan.

Under his own steam. The new incumbent, of course, denies any business links with Bachchan. But he agrees that he was associated with Bachchan's pharmaceutical venture, IPCA — a Bombay-based bulk drug manufacturing company. His claim is that he has severed all connections with it and that he has bought three per cent into the Gammon under his own steam.



Rajan also insists that "nothing has changed in the company." Rao continues to hold his three per cent stake in the company and is also on the board of directors and is redesignated president. "This in effect will make him a technical director in the company," explains Rajan. The reason for Rao's stepping down is, according to him, Rao's preoccupation with a coming international conference later this year, and his age.

However, it appears that the Chhabrias, whose shares in the company have been frozen by the company law board till November this year, and Rajan might want to get rid of their shares in the company. But with an average price of Rs.200 being paid for the shares, there are likely to be few takers. Rajan has little option but to run the company. And with a background in chemicals, he plans to revive the dormant fertiliser and chemicals division of Gammon by the year end. "This is going to be my primary interest and responsibility," says Rajan.

■ ALPANA KILLAWALA

Swissair Customer Portrait: Hafeez Contractor, Architect.



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ECONOMY

Loan for thermal plant

The World Bank has sanctioned $200 million to help build a 500 MW thermal power plant in Dahanu, near Bombay. The new transmisssion lines are expected to meet the increasing demand for electricity in Bombay. The IFC, a World Bank affiliate, is likely to provide another two loans worth $68 million to support this project.

Gold shipped to England

In a hush-hush operation, 25 tonnes of gold was shipped by the Reserve Bank of India to the Bank of England. India can borrow upto $200 million from the Bank of England which holds the gold as security. RBI says it has only partly availed of the option of holding 15 per cent of its total gold reserves (332 tonnes) outside India.

This action follows that of the previous government which mortgaged 20 tonnes of confiscated gold with the Union Bank of Switzerland. Finance minister Manmohan Singh says this will be repurchased once the BoP situation improves.

NRIs to bring in gold

The Union finance ministry is seriously considering allowing NRIs and Indians visiting abroad to bring gold into the country. According to official estimates, in 1990 nearly 177.6 tonnes of gold was smuggled in, resulting in a drain of Rs.6,232 crore. The All India Manufacturers' Association has, in its pre-budget memorandum to the government, suggested that gold bonds bearing a 6 per cent interest rate should be reintroduced.

OPEC to stabilise oil prices

The Organisation of Petroleum Exporting Countries (OPEC) has shown an interest in stabilising the prices of oil in the international markets. This is in response to feelers sent by India and other developing countries. In a consumer conference held at Paris, OPEC has assured adequate supplies of oil too.

Opening the skies

The ministry of civil aviation is initiating steps to completely deregulate the domestic civil aviation industry. This liberalisation move is expected to bring into existence new private sector airlines and break into the public sector monopoly. Moreover, the ministry is keen to withdraw all existing constraints on private air taxi operators.

IMF's emergency loan

The IMF is expected to release $220 million as an emergency loan to India later this month. The World Bank-approved $150 million worth of quick-disbursing credit is also expected soon. The credit, thus made available, is likely to help meet India's foreign debt this month alone.

No change in food procurement

Union food minister, Tarun Gagoi, recently announced that no major changes are forthcoming in the foodgrain procurement policy. He also said that India's buffer stock position is sufficient at 19 million tonnes. Food subsidies are due for a cut, and the public distribution system will also be streamlined.

Coal to be costlier

The Union finance ministry has proposed a hike in coal price by Rs.50. Coal will now fetch around Rs.300 a tonne. This proposal takes into account the normative costs per tonne of coal, the all India consumer price index and other input costs to arrive at the Rs.50 hike.



Steel decontrol

The government plans to decontrol steel prices and lower import tariffs. The department of steel had earlier mooted the idea of partial decontrol which was agreed upon, in principle by the finance ministry. The decision, which was deferred, has now been revived for consideration.



CORPORATE

Ambassador charms the British

The good old Ambassador has charmed British dealers with "its lovely classic lines and beautiful body"! Mark Owen Lloyd and Jo Burge of a British-dealership firm are negotiating with Hindustan Motors for the import of 480 Ambassador Novas.

With other cars priced at £11,000 and above, its showroom price tag of £5,495 will make the Ambassador the cheapest automobile in Britain. The model will be exactly the same as the one on the Indian roads, except for the carburretor which will be replaced.

New credit card from IOB

The Indian Overseas Bank (IOB) has tied up with the highly popular Canara Bank's Cancard. IOB's credit card will hence bear two logos, its own as well as that of Cancard. The Madras-based bank is the sixth to have a credit card tie-up with Canbank.

TCL's new plant

The country's largest maleic anhydride plant has been successfully commissioned by Thirumalai Chemicals Ltd located in Tamil Nadu. The plant has been set up with technology from Alusuisse Italia, Italy, and

uses butane or benzene as feedstock.

Thirumalai Chemicals' capacity is adequate to meet the entire domestic requirement of the chemical. It has given an undertaking to the government to export about Rs.9 crore worth of maleic anhydride and its derivatives over the next three years.

Thapar Du Pont on review

The on-again, off-again Thapar Du Pont Nylon 66 project, formally cleared by the Chandra Shekhar government, has once more been put on hold by the new administration which wishes to review it.



Other projects cleared by the caretaker government will also be reviewed and only those that meet the "required conditions" will be cleared. But it is almost certain, sources say, that the Thapar Du Pont project will finally be cleared.

GCEL develops TDMA system

The public-sector Gujarat Communications and Electronics Ltd (GCEL) has indigenously developed a sophisticated communications system which uses radio waves for networking several subscribers in an area. It is called the Time Division Multiple Access system (TDMA) and has been supplied to SAIL for providing communication facilities for its steel mines located around Kiriburu.

Private bid in power

British Gas and five Indian companies — the Oswal group, Videocon, Ballarpur Industries Ltd, Vam Organics and Straw Products — have responded to Delhi Electric Supply Undertaking's (DESU) invitation for bids for the Rs.1,300-crore gas-fired power plant at Bawana near New Delhi.

The decision would however require amendments to the Indian Electricity Act 1910 and the Electricity (Supply) Act, 1948 which prevent private sector participation in the power sector. Under the project terms, private parties will generate and supply power to the DESU but would not be involved in the distribution.

Pepsi to test pesticide

The government has permitted Pepsi Foods to undertake large-scale commercial trials of a biological pesticide, bacillus thurungiensis (BT), on tomato crop for its tomato paste export project. Several companies including Lupin Labs, SPIC, Sandoz and Rallis are keen to launch BT in India.

Ramon & Demm takeover

Ramon & Demm, the Bombay-based engineering company, and now referred to the BIFR, is on the selling block. Strong contenders for its takeover are the Hindujas and an Iran-based NRI. Eicher Motors is also in the race and has submitted a package to the BIFR.

Grindlays' facility for SAIL

ANZ Grindlays will be providing a short term facility of $25 million to SAIL, for its import of coking coal from BHP-UTAH, a large Australian conglomerate. The facility was structured with the assistance of Grindlays, New Delhi office and its merchant bank in the UK, at the rate of 125 basis points above LIBOR per annum.

INDUSTRY

HPF rolls back prices

The 37.5 per cent increase by Hindustan Photo Films in the price of raw film stock has been withdrawn. This follows a directive from the industry ministry and will be in force until further orders.

The film industry had stopped lifting stocks and r leasing films from 28 June protest against the increase. (the same day, the prime mini ter had issued a directive hol ing the rise in abeyance, whic was not, however followed. Th led to the present order.

Cut in soda ash production

The Western Gujarat Chamber of Commerce and Industry ha warned the government of a 5 per cent cut in production o soda ash. This is used by chemi cal and pharmaceutical units as a result of shortage of cok and coal. Only 10 per cent of th industry's coal requirement is presently available to it. Of the country's total output of soda ash, Saurashtra produces 94 per cent, worth Rs.4,425 crore.

Copper price hike

Hindustan Copper Ltd has reportedly informed its customers that they will be given only 20 per cent of their monthly quota. This and the high international prices together with devaluation has already sent prices for the metal through the roof.

Copper wire bar went from Rs.1.35 lakh per tonne to Rs.1.55 lakh per tonne overnight, a new high for the current year. This brings the total increase in the 10 days from the end of last month to Rs.39,000.

Nylon production down

Nylon spinners have cut production by 15-20 per cent during the first half of the current year. A further cut is expected in the current quarter mainly due to the high cost of all raw materials including the erratic supplies of the chief one, caprolactam. This in turn is due to the shortage of benzene.

Tea output up

While the target set for tea production for the entire year is 735 million kg, tea planters have produced 176.2 million kg



from January to May 1991, an increase of 4.3 million kg over the same period last year. This increase is due mainly to a bountiful production from gardens in the south whereas production at the north Indian garden's fell by 3.5 million kg as compared to the same period last year.

Imported paper costs to go up

Devaluation of the rupee has pushed the prices of imported coated paper and paper boards up by 15-20 per cent. Paper manufacturers have decided in principle to increase the price of writing and printing paper by Rs.2,000 to Rs.3,000 per tonne.

This hike which is to take effect from this month, follows close on the Rs.1,000 per tonne hike of last month. Additionally, India will have to import 300,000 tonnes of newsprint in 1991-92 to meet the anticipated demand of 600,000 tonnes.

Electronic items to cost more

According to the Electronic Component Industries Association (ELCINA), the prices of electronic components will go up by 15 per cent as a result of rupee devaluation and the recent trade policy. The abolition of the unlisted open general licence category has meant that raw material imports have to be made through the REP licences route and are therefore more expensive.



CTV prices to go up

According to the Indian Television Manufacturers Association (ITMA), the price of colour tubes is to go up by Rs.1,000 per tube. Coupled with the 15-20 per cent increase in the cost of imported TV components this means an increase in production costs of between Rs.1,650 and Rs.2,000 per set.

Pooling coffee stocks

The small and medium coffee growers of Kerala, Karnataka, and Tamil Nadu have proposed the setting up of a multi-state cooperative to ensure fair prices as an alternative, if the present system of pooling all the coffee grown by the Coffee Board is replaced by an optional pooling system. This system, first suggested by a study conducted by the Indian Institute of Management, Calcutta, is being considered by the government.

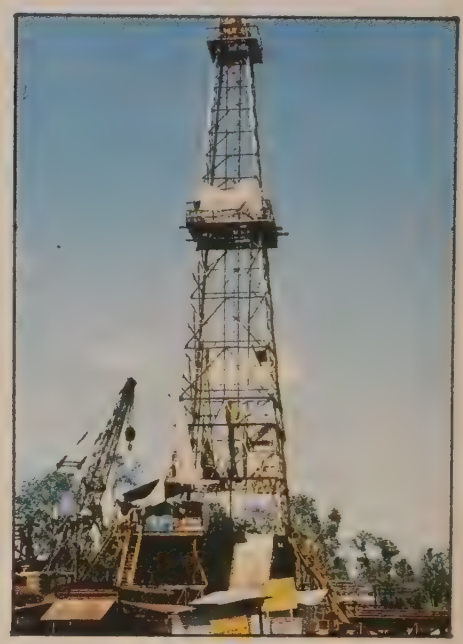
DIARY

EVENT/VENUE/DATE	ORGANISER
Refresher course on Company Law at BCA-Garware Club House for five Saturdays from 27 July 1991	WIRC of The Institute of Company Secretaries of India, 13 Jolly Maker Chambers No.2, Nariman Point, Bombay 400 021 Tel: 2021826
National Conference on Quality Systems in Automobiles and Components at Blue Diamond Hotel, Pune on 5, 6 August 1991	Institute of Marketing & Management, 62-F Sujan Singh Park, New Delhi 110 003 Tel: 699224
Seminar on Enforcement of Securities and Recovery of Dues at MDI Campus, Gurgaon from 19-21 August	Management Development Institute, Post Box No. 60, Mehrauli Road, Gurgaon 122 001 Tel: 22117

LABOUR

IOC employees protest

As many as 10,000 employees of the Indian Oil Corporation



(IOC), including its officials and administrative staff, went on a flash strike recently in protest against the delay on the part of the Union government in arranging the safe return of its kidnapped executive director, K. Doraiswamy.

They also threatened to, if necessary, stop oil supply to aircraft. IOC officials are perturbed by the fact that while the government had released the ULFA militants, it is taking its own time in deciding the release of the JKLF militants.

Tax collection disrupted

The West Bengal government's tax collection drive has been affected seriously with almost all the inspectors under the commercial taxes directorate refusing to go on outdoor duty for over a month now.

The agitation is likely to intensify as the state finance department has issued

suspension notices to four inspectors and transfer orders to some commercial tax officers within the directorate's bureau of investigation. The trouble began on 26 April after four inspectors were arrested on charges of accepting bribes. Police say the inspectors were caught red-handed.

AIBEA suggestions

The All India Bank Employees Association (AIBEA) has asked the Centre to restructure the entire banking system to improve its efficiency. AIBEA says that the exercise should be taken up in two phases.

In the first stage, the three different banking sectors (scheduled commercial banks, regional rural banks and apex co-operative banks) should be merged strictly on a "geographically contiguous regional basis" so that seven or eight banks of comparable size and with comparable resources could be combined and operated under the overall control of the All India Banking Corporation. The second stage would involve setting up a central banking authority, delinked from the RBI, with full powers to supervise and monitor the banks system.

AIBEA feels the bane of the banking system is the unholy nexus between the captains of industry, politicians and a section of the bank management who are ruling the roost.

Bata officers assaulted

Workers owing allegiance to the CPI (M)-led Bata Mazdoor Union (BMU) detained five senior officials of Bata India Ltd for several hours and assaulted them in a locked room recently. The workers apparently took this step because the management wanted to go ahead and resume work in the gum boot unit at Batanagar despite obstruction by the BMU. The officials were rescued by the police after the company obtained court orders.

Oil officers' threat

The Oil Sector Officers' Association (OSOA) issued a warning in early July that drilling operations in the entire north east and Bombay region would be halted unless the Central government took steps to secure



the release of all ONGC personnel abducted by the United Liberation Front of Assam (ULFA). The convenor of the AISO has demanded that the government work out a 'totally protected working climate' for ONGC personnel or it would lead to "massive demoralisation and demotivation of the staff to the detriment of the national interest."

IDPL workers inconvenienced

Over 250 employees of Indian Drugs and Pharmaceuticals Ltd (IDPL) who have sought voluntary retirement from the company are still awaiting clearance from the ministries of labour and finance and the office of the income tax commissioner, New Delhi, before exercising their option.

Company sources say that some employees, who had sought alternative employment before opting for voluntary retirement, are now facing problems due to this bureaucratic delay.

IDPL, a loss-making public sector company, is likely to save as much as Rs.1 lakh a day on the retirement of these employees.

LANDMARKS

Assumed, by Rajendra Saboo, the managing director of a small Chandigarh firm, Groz-Baker Saboo, the position of president, Rotary International, on 1 July. The Chicago-based organisation has 25,325 member clubs spread over 176 countries and over 11,00,000 members. Saboo is the second Indian to achieve this distinction after Nitish Lahari in 1961.

Launched, India's first indigenously built surface-to-surface missile Prithvi on a successful test flight from the Sriharikota launch pad in Andhra Pradesh in the presence of the new defence minister, Sharad Pawar. Developed under the Integrated Guided Missile Development Programme, Prithvi has a range of 250 kilometres and will carry a one-tonne warhead. To be employed for tactical battlefield support, it will be in use in the Indian Army by next year.

Launched, Sindhu-15, the first of a series of three offshore supply vessels being built for the Oil and Natural Gas Commission by the Mazgaon Dock Ltd. The vessel will be provided with high-capacity external fire-fighting equipment and higher fresh water storage capacity and is capable of towing heavy oil rigs, mooring and carrying essential supplies and personnel to offshore installations.

Recovered, four vintage cars, including a Swan Car made by Brooks in England in 1912, and two Rolls Royces of 1912 and 1948 vintage after the enforcement directorate in Bombay arrested four persons, including a Belgian national, on charges of smuggling to London. The cars belonged to the Nabha royal family in Punjab. The Maharani of Nabha is alleged to have been involved in the illegal export for which she was paid Rs.35 lakh.

Scrapped, by the new Congress government in Haryana, the controversial Rs.50-crore Disneyland project envisaged by former state chief minister, Om Prakash Chauthala, which was to come up at Damdama, near Delhi. Chief minister Bhajan Lal said that the project had been scrapped as it was anti-farmer and conceived in utter disregard of the economy of the state and other pressing problems.

Sued, A.R. Antulay, former chief minister of Maharashtra, on charges of misappropriating Rs.40 crore of public trust properties during his tenure as chief minister in the early 1980s, by former Union finance minister Madhu Dandavate. Dandavate has also implicated Ramrao Adik, finance minister of Maharasthra, as he was a member of the board of trustees. The case has been filed in the Bombay High Court.



TUBES

GLS LAMPS

CHOKES

PATTIES

STARTERS

FLOODLIGHT FIXTURES

LAMP BALLASTS

GENERAL PURPOSE

DECORATIVE FIXTURES

INDUSTRIAL FIXTURES

STREET LIGHT FIXTURES

WEATHER PROOF CONTROL GEAR BOXES

FTL STRATERS & HPSVL IGNITORS

LUXRAY

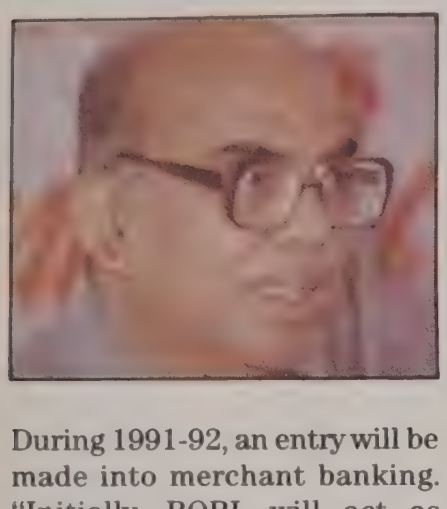
Ajay Electrical Industries Ltd.

O'KEEFFES ICARUS 540

N GOMATHINAYAGAM

The only private sector bank to have an overseas branch (in Bangkok), Bharat Overseas Bank Ltd (BOBL) will soon become the first Indian Bank to raise capital overseas. The capital will be increased in stages to about $12 million from the current $5 million.

BOBL has other plans as well.



During 1991-92, an entry will be made into merchant banking. "Initially, BOBL will act as bankers to public issues, in order to give our personnel an exposure to the business," says N. Gomathinayagam, chairman of BOBL. A new concept called LAB (Large Advances Branch) is also being introduced. According to Gomathinayagam, any advance exceeding Rs.25 lakh will be centralised at this one branch in order to facilitate processing and quick decision making. A computerisation exercise is also on the cards.

SURINDER GUPTA

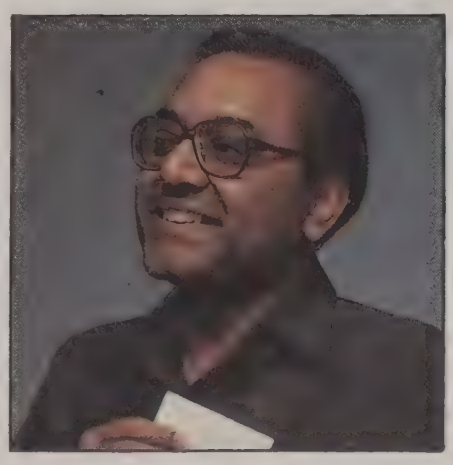
Readers will not find this difficult to digest. A new chapter has opened up for Surinder Gupta's



International Book House (IBH). The company he and his partners bought over from the Theosophical Society in 1975 is celebrating its golden jubilee this year. Distributors of the Reader's Digest collection of books, legal and medical books, IBH has now become a Rs.9-crore turnover company. Despite these achievements, Gupta, an avid reader himself, modestly says, "I am happy about playing a part in the learning process of readers."

A.C. MUTHIAH

The vice-chairman and president of Madras-based fertiliser giant SPIC is smiling again, and for many different reasons. Says, A.C. Muthiah, the happy man, "The difficult days are over and we look forward to good times ahead." The difficult days he refers to are the two years of DMK rule, when Muthiah was the most hounded industrialist in the state. But that govern-



ment was dismissed in January this year and now, Muthaiah says, "the present government (headed by AIADMK's Jayalajitha) is definitely entrepreneur-friendly and things should improve".

The other factor gladdening Muthiah's heart is SPIC's financial performance. The results are satisfactory, despite erratic availability of imported raw materials. Again, the much awaited aromatics project, promoted by SPIC and Madras Refineries Ltd and which had the blessings of three successive prime ministers but is still awaiting clearance, is expected to receive the final green signal soon. For this, Muthaiah can expect the help of Jayalalitha, a strong chief minister whom the centre needs and cannot take for granted.

Muthiah is also now confident of being able to reopen Standard Motors in which he has the controlling interest. The friendly state government has promised to buy 1,000 light commercial vehicles from the company.

M.P.U. RAO



In his new role as vice-president, corporate quality, at International Computers Indian Manufacturers (ICIM), M.P.U. Rao's brief is to introduce a quality culture across the organisation. Says he, "Our objective is to ascertain that every activity is done right the first time." He is presently working in conjunction with the parent company, International Computers of the UK, mapping out the training needs for the organisation. Rao is also working towards making the software exports division conform to the ISO-9001 standard.

ADARSH GUPTA

Not for him a tie-up with any big name. "We do not need a collaboration with any multinational," says a confident Adarsh Gupta, executive director of Liberty Shoes (1990-91 turnover: Rs.80 crore). "Both Adidas



and Puma were interested in collaborating with us but we weren't," he claims. His company will soon start manufacturing its range of sports shoes at the Rs.4-crore Gorky project in the Soviet Union. Traditionally a supplier to the lower end of the market, Liberty's latest launch, Force 10, is priced at a high Rs.900 a pair. The shoemaker will now also start manufacturing beach shoes.

D.K. JAIN

Lumax Industries, the Delhi based automobile lamp manufacturer (1990-91 turnover: Rs.28 crore), is eyeing markets abroad. "High volumes is the key to competitiveness, for both cost and quality," says managing director D.K. Jain. "West Asia, Africa, the Far East and the replacement markets of Europe are where we are aiming to achieve the high volumes now."



Consequently, Lumax is promoting Lasor Lamps Ltd, a joint venture with the Haryana government, which will manufacture halogen lamps using Korean technology. Lumax made a small beginning this year with exports of Rs.1 crore and hopes to push it to Rs.2.5 crore by the next.

VIVEK MANNIGE

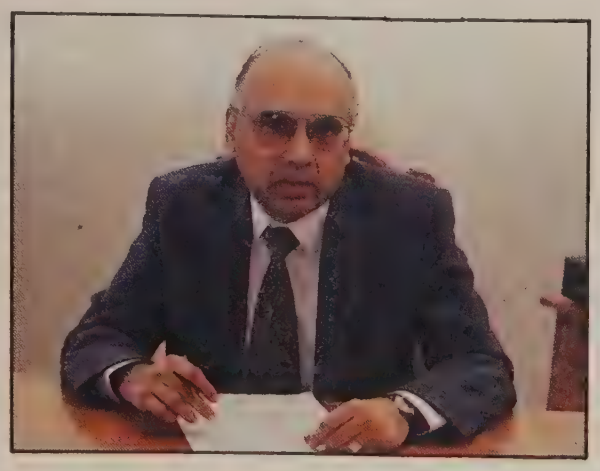
Bridging the communication gap between a computer professional's perception and the end-user's actual need is Vivek Mannige, managing director and promoter of Indus Software Pvt Ltd. The company has recently developed uBridge, a PC-based



software package with which end-users — or even novices — can describe a model of their requirements accurately. Indus has sold more than 530 copies of uBridge in a little over a year. Of these, 400 have been sold in the US. It is priced at Rs.4,000 in India and $180 in the US. Besides selling packages, Indus develops software in C language for US-based companies and domestic customers like the Bank of America, Buckau Wolf and Citibank.

A.L. VADIVELU

The growth of Mercard, the credit card issued by Mercantile Credit Corporation Ltd (MCC) is phenomenal. Today there are about 15,000 Mercards in circulation which are honoured in more than 6,000 outlets. The tremendous growth shown by



the credit card since it was launched in 1986, according to A.L. Vadivelu, managing director of MCC, has necessitated the delinking of the credit card business from MCC so that the latter retains its identity as a hire purchase finance company. Hence, Mercard Ltd, a new company is entering the credit card market. "During the first year of the operation, the company proposes to issue 7,000 cards," says Vadivelu. By 1995 the company expects to issue about 50,000 credit cards.

M.G. RAMAKRISHNA

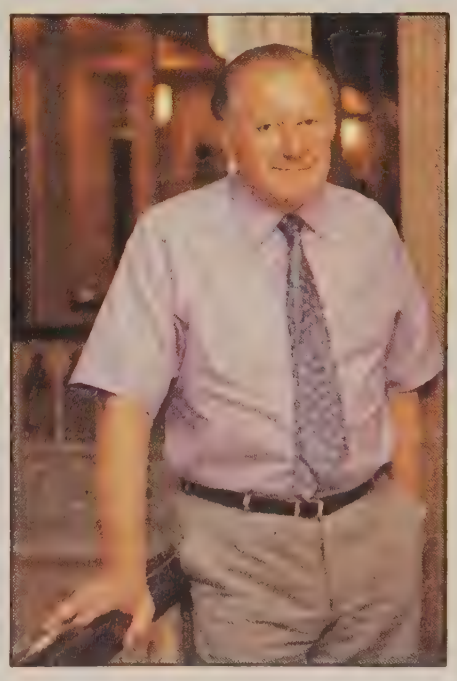
The Bahrain-based Bank of Bahrain and Kuwait's (BBK) India operation is priviliged in the sense that the bank operates in only three overseas locations — Oman, Kuwait and Bombay. With business out of the reckoning in Kuwait since the Gulf war, the India operation has gained in importance. Last year, its Bombay branch registered a 70 per cent increase in deposits. M.G. Ramakrishna, who was appointed general manager and CEO



last year, says that special NRI centres have been set up to facilitate NRI remittances. "Now we want to enter the capital market and undertake portfolio management," he adds. Another branch in New Delhi is also on the cards.

JOHN COWX

On a bright morning in March next year, Bombay harbour will play host to the ultimate in luxury liners — *Queen Elizabeth II. QE II*, as she is popularly called, was last here four years ago. In order to ensure that more Indians take the *QE II* this time, John Cowx, general sales manager of Cunard Line Ltd, was recently in town to promote his company's travel package. Apart from the *QE II*, Cunard, the world's oldest cruise company, also books for two other luxury liners — the *Sagafjard* and the *Sea Goddess*. For an Indian traveller, the average fare can work out to Rs.6,000 per day, says Cowx. The *QE II's* world cruise from New York to



New York via many exotic places normally lasts for 100 days. But Indians can board from Hongkong and sail to Bombay or sail from Bombay to New York with a stopover in Mombasa.

M.J. RICHARDSON

At a time when more and more Indian industrialists are taking the takeover route to expansion, there is a growing need for competent merchant bankers to tie up the deals. That is what M.J. Richardson, director of Chartered WestLB Ltd, the merchant banking side of the Standard Chartered Bank, recommended at a recent semi-



nar on "Growth through acquisitions". Since he is a merchant banker himself, one may discard this as self promotion.

But the reasons for which a company requires a merchant banker according to Richardson were quite interesting. He says, "The management does not require independent advice but the shareholders do as they beleive that the management can never be independent."

A merchant banker can also steer a company through a plethora of regulations — which also exist in the UK and Europe — and documentation. One more recommendation he makes to managements involved in takeover situtations is that they must communicate with and educate the staff. And, he adds, as a word of advice, "A marriage is a happy event, the same goes for mergers. A divorce is an unhappy event, and the same goes for mergers."

GULF FLIGHTS

Competition in the air

Travelling to and from the Middle East will never be the same again for the thousands of Malayalees flying in and out of Thiruvananthapuram. Since 1 July, they have been offered a new-found consumer luxury — choice. No longer do they have to fly the national carrier Air India perforce. They can instead opt for Gulf Air.



An AI aircraft: "the name of the game is co-operation"

This new development is the result of bilateral agreements signed two months ago between India and Gulf nations. Travellers are now hoping that other airlines will follow suit, while Air India is putting up a brave, grin-and-bear-it front even as its monopoly on this lucrative sector is dissipating. For 13 long years, it has enjoyed a monopoly on this route, impervious to clamours for a fare reduction from the Gulf Malayalees who have also often complained about shoddy and discriminating in-flight service.

For Air India, this sector has been a veritable cash cow, accounting for 22.6 per cent of its total capacity. It is the second largest route, behind only the India-US sector, and fetched Air India a total revenue of $16 million in 1990-91. And before the Gulf war, its Middle East operations were raking in Rs.1.4 crore a day.

Large revenue. Most of the money from this sector originates in Kerala, which has around 300,000 of its workers employed in the Middle East. By selling around 4,330 seats each week for the 20 flights that took off from Thiruvananthapuram, Air India controls 70 per cent of the Indian passenger traffic to the Gulf. Last year, Air India's gross revenue from its Kerala operations was Rs.35 crore, of which Rs.10 crore came from cargo, almost entirely vegetables.

With the entry of Gulf Air, passengers can expect easier days ahead. Fares, however, are not going to drop. Gulf Air charges the same fares as Air India ranging from Rs.6,300 to Rs.9,200 on economy class, which has dismayed several expectant passengers. But both Gulf Air and Air India are hiding behind the fare structures worked out by the International Air Transport Association (IATA).

The immediate advantages for passengers are additional schedule options and the likelihood of facilities being upgraded at the international airport in Thiruvananthapuram. According to E.M. Najeeb, chairman and managing director of Air Travel Enterprises, which had 75 customers on the inaugural Gulf Air flight from Thiruvananthapuram, many incoming passengers have said they find Gu Air timings more convenient, allowi them to land at Thiruvananthapura early morning.

Gulf Air now operates four week flights from Thiruvananthapuram, usir their new Boeing 767 ER aircraft. Two these are joint ventures with Air Indi which has all the handling contracts, vi traffic, cargo, ramp, engineering an cabin cleaning. Says George Tharaka Air India's manager — Kerala: "The nam of the game is co-operatio rather than competition."

Effects seen. But competi tion it certainly is, competi tion which has shattered monopoly. Says Tharakan "This is a market we hav served for 13 years against very heavy odds and lack o infrastructure. We don' think the market will de sert us." Adds Jitender Bhargava, Air India's chief public relations manager: "We are so accustomed to competition. On our London-New York sector, we compete against 100 airlines."

But the fact remains that the effects of competition have already manifested. Air India is hastening its own computerisation plans. It is also working to contain the Kerala market and not let passenger traffic get diverted through Bombay, as has been happening now. It will be able to do this better once the airport at Kochi is upgraded, permitting it to operate additional flights from the state's commercial capital.

Queueing up to enter Kerala are the other Middle East carriers — Emirates, Saudia and Kuwait Airways. The Dubai government is already negotiating for Emirates, which wants seven weekly flights to Thiruvananthapuram, and has reportedly offered Air India $350,000 a year for this sector. But the Indian side is said to have rejected this as far too low.

At any rate, as negotiations continue, the one thing that is far from low is the satisfaction of those who fly this sector. Not only do they now have a choice of airlines, but they can also entertain fresh hopes for a fare reduction in the future, when competition really hots up. ■

K.G. KUMAR

WASHING MACHINES

The new boom

While the seventies was the decade of mixers for the Indian middle class consumer and the eighties the era of television sets, the nineties are witnessing the emergence of washing machines. According to P. Chhibber, product manager of Singer, one of the new entrants in the washing machine market, this phenomenon has a twofold cause — the time saving factor where working women are concerned the increasing number of and the acute problem of getting housemaids in metros and bigger cities.

It all began when the introduction of a semi-automatic washing machine in 1986 by Videocon, in collaboration with Matsushita of Japan, activated the market. This resulted in a rise in the sales of all brands of washing machines. And with the sudden spurt in sales, new entrants appeared.



Palashranjan Bhaumick

Front-loading washing machines are becoming popular

There are now more than a dozen brands of semi-automatic and over five brands of fully automatic washing machines in the market. Videocon holds a 60 per cent share of the market followed by Maharaja with 12 per cent and Greysham with 10 per cent in the semi-automatic segment. In the automatic segment, too, Videocon has a market share of 60 per cent.

Foreign tie-ups. With the inclination of the market now towards fully automatic machines, the manufacturers have got into foreign tie-ups for technological knowhow. TVS has tied up with Whirlpool Corporation of the US, IFB (formerly Indian Fine Blanks Ltd) with Bosch of Germany and Intron with Services of the UK. Following an investment of over Rs.250 crore, the Indian washing machine market is now entering into a competitive phase. IFB, Intron and TVS are out to catch up with the market leader, Videocon. And in the process, each company is trumpeting the virtues of its products.

"Intron has the same technology as that which is being sold in the West. Also, it is the only machine in India to have a speed of 1000 revolutions per minute (RPM). And we have Indianised the machine up to 86 per cent," claims Rajeev Uppal, marketing controller of Intron. "By the end of 1991 our market share will be anywhere between 35 to 40 per cent," says A.K. Rathi, sales and marketing manager at IFB Industries Ltd.

With a licensed capacity of 200,000, IFB has produced 25,000 units in four months during the current year. As demand is picking up, the company hopes to fill the demand-supply gap by the end of the year. "TVS has modified the American technology to suit Indian conditions and we are doing quite well," claims S. Prasad, all India assistant general manager, marketing, TVS.

Front,loading machines are becoming popular among consumers both in India and abroad. "During our survey some women expressed the fear that the hatch could open in front loading washing machines. Nevertheless, these machines are becoming more popular due to the deck utilisation, which is not possible in the top loading machines," says Dinesh Sibil of Mudra Communications, which handles the IFB account.

With every company claiming to provide the best washing machine technology, it becomes difficult to judge the features of the different products. However, among the existing brands only IFB, Sumeet and Intron have heaters attached for washing at different temperatures of water. This feature is not available in TVS and Videcon washing machines.

Due to the recent curbs on imports, customers have been hit in terms of prices of the automatic machines. Videocon is now available at Rs.11,950, TVS for Rs.12,900 and IFB for Rs.13,775. Nevertheless, there is a vast potential for the future. According to industry sources, the market is expected to grow at a rate of at least 25 per cent over the next five years. Already the semi-automatic sector has shown a growth rate of 30 per cent and the automatic sector, a phenomenal 400 per cent. The latest boom in the Indian consumer market, thus, should last for some more time at least.

■ RAJESH PROTHI

DRAUGHT BEER

Young and fancied

Suddenly, a rush of new outlets serving draught beer has come up in Bombay, bringing bubble and froth into the lives of many middle and upper class young Bombayites. In a dark and cosy corner of Rasna Pub, in South Bombay, for example, youngsters sit sipping draught beer. They jostle each other for leg space at the crowded watering hole.

Catching the fancy. Apart from Rasna, many other restaurants like Cafe Mondegar, Leopold Cafe, Briton, Cafe General, and New York have now started stocking draught beer. The eateries attached to five-star hotels had been serving draught beer all along. But it is only now that this drink has caught the fancy of the clientele, particularly at discotheques.

Apart from these outlets, another beneficiary has been Associated Breweries & Distilleries, the only supplier of draught beer in the city. The company, known for



Deepak Tolani

Bubbly edge over bottled beer

such popular brands as London Pilsner and London Diet, has now introduced London Draft. "In the last six months alone, our sales have gone up from 50 kegs (50 litres to a keg) to about 200 kegs a day," claims Zeenia Lawyer, partner, Associated Breweries.

Freshly carbonated and chilled draught beer is bubbly and has a distinct edge over bottled beer. Its lower glycerine content makes it milder, tastier and frothier. And, not too expensive. While a mug of draught beer (350 ml) costs anywhere between Rs.11 and Rs.15, bottled beer (650 ml) costs around Rs.25. Another big advantage: since the drink is transported in wooden kegs, storage and breakage problems are minimal.

Bombay thus joins of Bangalore, India's draught beer capital. Bangalore has been the country's only pub centre where draught beer has been popular since 1980 — today, it houses as many as 109 pubs. Being a brewery town, home to both United Breweries and Khodays, the city has a distinct advantage. Draught beer, which is non-pasteurised, turns sour after 72 hours. Ideally, it must be consumed within 24 hours of being despatched from the brewery. Hence, having breweries close at hand ensures a consistent supply.

In Bombay, however, the scene was different with only Associated Breweries to maintain supply. And though draught beer was available in Bombay for many years in selected places, its sales never re-

ally took off. Primarily because "Our brewery was not geared to increase supplies," says Lawyer.

Pubs catching on. Moreover, Bombay has had more of a bar culture rather than a pub culture. "Executives like spending hours over martinis rather than beer," says Sarabjeet Singh, manager of Harbour Bar in Taj. Draught beer was introduced to five-star hotels in the late seventies. But sales was marginal.

A latent demand for draught beer has always been present. Says Rusi Yezdapardi, owner of Cafe Mondegar, "Tourists always prefer draught beer to bottled beer." The restaurant sells about two kegs of draught beer each day and operates on a 30 to 40 per cent margin. Enthused, Yezdapardi is now thinking of opening a pub.

At Bombay's first pub too, the mood is optimistic. With crowds surging — indoors as well as outside — it could not have been any other way. Says Manoj Kharbanda, owner of the Rasna Pub, "A person can easily relax here and have about two to three pitchers." (Each pitcher is equal to about five and half mugs.) Kharbanda had expected the pub to do well but he was simply not ready for the runaway success it has had. "We are selling nearly 450 litres of London Draft every evening," he enthuses.

Increase in sales of draught beer is, however, likely to eat into the market of bottled beer. "So far, only the other manufacturers are being affected. We will stop increasing the supply of London Draft th day it begins eating into our bottled be market," says Lawyer.

But this day could be very far off. Bot Yezdapardi and Kharbanda expect 1 more pubs to come up in Bombay befor the year is out in addition to various res taurants serving the drink in larger quan tities. So for hundreds of youngsters wh choose to indulge in this new found pas sion, it's pleasant times ahead.

■ SHAMPA KA

AGRI-PRODUCE PACKAGING

Waiting for sops

Paper box manufacturers in Maharashtra are feeling neglected. More than a year has passed since the government of India issued a notification on excise duty relief for agriculture produce packaging, yet this sector has not received any benefits. According to the notification, issued in March 1990, the excise concession given earlier for apple packaging in Uttar Pradesh, Himachal Pradesh and Jammu & Kashmir, was extended to packaging of all agricultural produce, grown anywhere in the country.

But to make the exemption available, the Central government had to pass on the excise relief benefit to the manufacturers through a state government agency. The Maharashtra government has not appointed any agency that can pass on the benefits to the manufacturers. This long delay, according to the packers, translates into a loss of two seasons.

The Market Planning and Design Centre — a joint project of Food & Agriculture Organisation (FAO), United Nations Development Programme (UNDP) and the government of India — has been attempting to bring about an overall improvement in marketing of fruits and vegetables across long distances in the country. This body had in the early eighties, pointed out the disadvantages of traditional packaging, viz, wooden or wire bound wooden boxes, for fruits and vegetables. The disadvantages range from high cost and lack of sturdiness of packing material to environmental hazards.

Substantial loss. At present, almost 50 per cent of the agriculture produce (fruits and vegetables) is transported loose; while the balance is packed in wooden crates. Every year, there is an estimated loss of as much as 30 per cent

(6.8 million tonnes), valued at Rs.5,200 crore. Absence of proper packaging results in marketing disadvantages. Moreover, environmental concerns and the ecological imbalance which the use of wooden crates perpetuate have led to substituting wood packaging with alternative modes. Paper boxes are found to be a better way of packaging horticultural produce for several reasons.

In order to prove the comparative advantage that paper boxes have over wooden crates, the Federation of Corrugated Box Manufacturers of India — the parent body of Western India Corrugators Manufacturers Association (WICMA) — in collaboration with a few fruit growing members of the Maharashtra Orange Growers Association, conducted a field trial in which oranges were packed in corrugated boxes.



Paper boxes: a better way to pack horticultural produce

The results were encouraging. Says a commission agent (fruits are normally purchased in bulk by these agents in the absence of a proper marketing set up in the state), "The trial was successful. Once water proofing is done and a further strength is imparted to paper boxes, they will surely emerge as a popular alternative to wooden boxes." The wholesalers and retailers who purchase this produce from the commission agents were satisfied with this packing too. Says a wholesaler, "The paper boxes are indeed very convenient as we don't have to repack the fruits further for retailing." Why then is the state government dragging its feet?

No organisation. Says T. Balaraman, secretary, food and civil supplies ministry, Maharashtra government, "Maharashtra does not have any marketing organisation that can be compared to those in HP." The paper box manufacturers, however, contradict this statement. There are at least four marketing agencies already in existence in the state which could perform the additional role of authorising paper box manufacturers, they say. Ironically, though the Maharashtra government has five marketing corporations — three in Pune and one each in Nagpur and Bombay — there is none that functions like, say, the Himachal Pradesh Marketing Corporation (HPMC).

The HPMC purchases the paper boxes in bulk and sells them to the fruit growers at a subsidised rate. "We want no subsidy," says a WICMA source, but has asked for an initial subsidy of 50 per cent only to encourage the fruit growers to use paper boxes for packing their produce. In the interest of the fruit growers, WICMA has also asked for sales tax exemption for boxes used for fruit packing. The exemption will reduce the cost of boxes by at least Rs. 3 benefiting the users.

The government understands this, assures Balaraman. But with the food and civil supplies minister changing thrice since March 1990, and issues like development of agriculture taking precedence, appointing a marketing corporation for passing on the excise relief benefit to the paper box manufacturers appears to have a very low priority.

■ ALPANA KILLAWALA

BOMBAY PORT

Losing traffic to JNP

It's bad news all the way for the country's premier port. Throughput at the Bombay Port has been dropping steadily since April. From a total throughput of 2.3 million tonnes in April, which was 100,000 tonnes more than that in April 1990, the figure dropped to 2 million tonnes in June 1991, substantially lower than the 2.3 million tonnes registered in June 1990. Total throughput for the period April to June 1991 dropped 5.5 per cent from the corresponding period last year to 6.4 million tonnes.

Imports at Bombay Port — which handles about 20 per cent of traffic to and from India — dropped by 15 per cent from the corresponding period last year to 2.7 million tonnes. Exports, on the other hand, registered a 6 per cent gain to 3.7 million tonnes.

Distorted figure. This latter figure, however, is distorted by a petroleum and petroleum products (POL) export figure that includes domestic crude and product dispatches from Bombay High and the two refineries in the city. The adjusted export figure is around 2.4 million tonnes. POL traffic — which accounts for 67 per cent of the traffic through Bombay Port — has increased marginally in the period. "So the port is actually not doing too badly," says Subrata Ray, Director of Planning and Research of the Bombay Port Trust (BPT).

But it is the remaining 33 per cent of the traffic — bulker and container — that has been hit. While the drop in bulk cargo handling (19 per cent of total handling) is negligible, the BPT estimates that about 45 fewer container ships have called in the period compared to the same period last year. (Average monthly berthing in the period is 45 ships.)

Container imports for the period fell 26 per cent to 423,000 tonnes while exports dropped by 14 per cent to 465,000 tonnes.

Ray says that the drop in overall port traffic is primarily a reflection of the drop in container traffic. The reasons, he says, could be possibly a diversion of container traffic to the two-year-old Jawaharlal Nehru Port (JNP) at Nhava Sheva across the harbour, or a general drop in trading.

Liner agents concur that imports into the country have been lean since March,



JNP: much faster turnaround than Bombay Port

when the effects of the country's tight forex position began to be felt. At Bombay Port, where container imports have generally tended to be higher than container exports, imports have dropped to less than exports. The export surplus increased from 3,000 tonnes in April to 32,000 tonnes in April.

Faster turnaround. At the same time the JNP (built at a cost of Rs.1,000 crore) does seem to be luring away some of Bombay Port's traffic. Dinesh Lal, the Indian representative of the Belgian liner company CMB — which has a weekly service to JNP — says that though the port has just three container berths, a loading/unloading rate of 25 containers per hour (four times that of Bombay Port's) makes a vessel's turnaround that much faster from JNP.

JNP's performance is reported to have improved and the port authorities now seem to be actively moving to improve, and make users aware of facilities at the port, and their cost-effectiveness. As a first step in this direction, the port will be holding a seminar in early August under the auspices of the Bombay Chamber of Commerce and Industry. The seminar will seek to acquaint potential users of the facilities and to discuss problems faced by current users.

Such bold moves could end up taking some revenue away from Bombay Port.

■ ALLAN ABRAHAM

RAJIV GANDHI RAHADARI

Road to prosperity

Large hoardings in Telugu welcomed the "*Telugu biddaku Telugu gadda* (the Telugu child to the Telugu land)". This was the warm welcome from the people of Andhra Pradesh to the prime minister, P.V. Narasimha Rao, on his first visit to Hyderabad. Part of the prime minister's busy itinerary was laying the foundation stone for the Rajiv Gandhi Rahadari, a 215-km road linking Hyderabad, Karimnagar and Ramagundam. The project for improving the road is being funded by the Asian Development Bank (ADB), Manila.

An Andhra Pradesh government official highlights the importance of road transport in his state and why external aid is needed for this purpose. "This state has a road network of about 130,000 km. The density of road network per 100 sq km is 47.3 km, against the all-India figure of 54.71 km. Without proper transportation, balanced regional development is difficult."

Scarce funds. But funds have always been a problem. Only 60 per cent of the funds required for the maintenance of roads is readily available. For a state like Andhra Pradesh, this means a loss of Rs.500 crore annually in terms of fuel wastage, wear and tear of vehicles, tyres, etc. Even from the Five Year Plans, allocation to the road sector has been abysmally low. Plan allocations were reduced from 3.07 per cent to 1.72 per cent from the Second Plan to the Seventh Plan. In the meanwhile, traffic has been growing at the rate of 12 per cent a year. Hence the state has had to seek loan assistance for road projects. Andhra Pradesh is one of the five states where road development is assisted by the ADB.

Why was this particular road — the Rajiv Gandhi Rahadari — chosen by the ADB? According to Bhaskar Reddy, project director of ADB projects in the state, three alternatives were given: t Kathipura-Kakinada-Amalapuram-Narsapur Ferry road; the Nalgond Miryalguda-Wadepally-Piduguralla roa and the Hyderabad-Karimnaga Ramagundam road. The last one was ch sen because of certain criteria like inte sity of traffic plying on the road, economi gains by its development, and inter-stat utility.

For example, Karimnagar, served b this road, is important because of the re cent completion of the Sri Ramsagar an Manair projects, built at a cost of Rs.30 crore. The cultivated area now is 215,00 hectares, from which the annual produc tion of crops like paddy and sugarcane i slated to be 2 million tonnes a year. So this agricultural produce can be trans ported on the new highway.

As far as industry is concerned, Ramagundam is strategically important for 90 per cent of the coal requirements o south India comes from the Singareni Collieries situated in this area. On a normal day, these collieries mine 183,000 tonnes of coal. The Fertiliser Corporation of India has also set up a plant here with an installed capacity of 2,000 tonnes a day. The National Thermal Power Corporation's super thermal power station, generating 600 megawatts per day, is also located here. Besides, there are a cluster of cement factories which have an installed capacity of 11,000 tonnes per day.

Sole means of transport. Further, this road passes through areas like Rangareddy, Medak and Karimnagar where there is no rail connection, which makes roadways the sole means of transport. As for the volume of traffic, the daily average traffic plying on this road is 6,800 fast and 3,300 slow moving vehicles; future projections are estimated at about 55,200 fast and 3,100 slow moving vehicles. Hence, the decision of ADB to focus on improving the Hyderabad-Karimnagar-Ramagundam road.

What does improvement of this road mean? Says Banga Raju, chief engineer, "At present it is mostly a single narrow road. We will strengthen and widen it, reconstruct the weak and narrow culverts, reconstruct 40 weak and damaged bridges and build a few bypasses."

The total cost of this project is Rs.131 crore. ADB assistance is to the tune of $38.5 million. The officials are optimistic that the entire project will be completed in the projected four years period. Is their optimism realistic? Only time will tell.

■ MEERA SHENOY



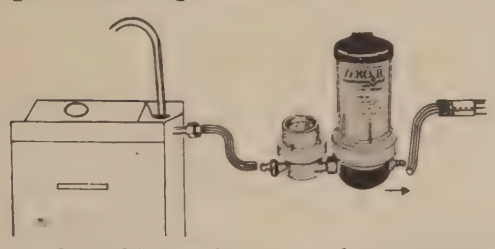
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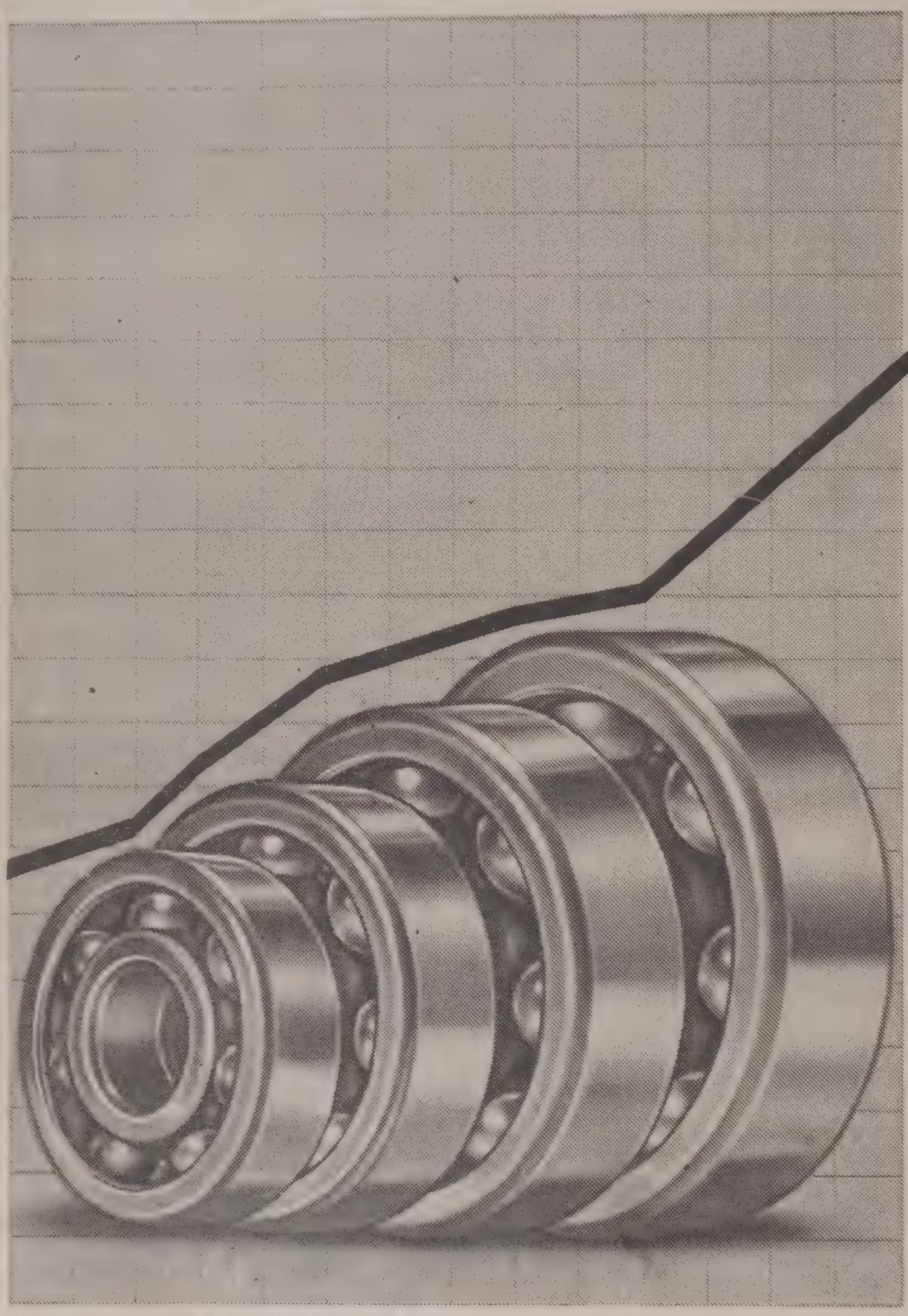
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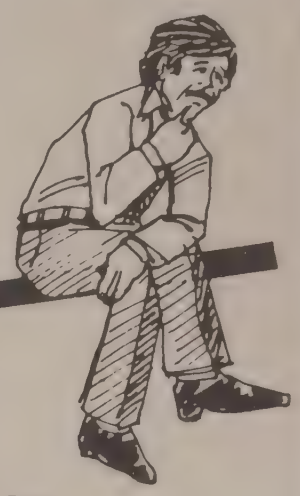
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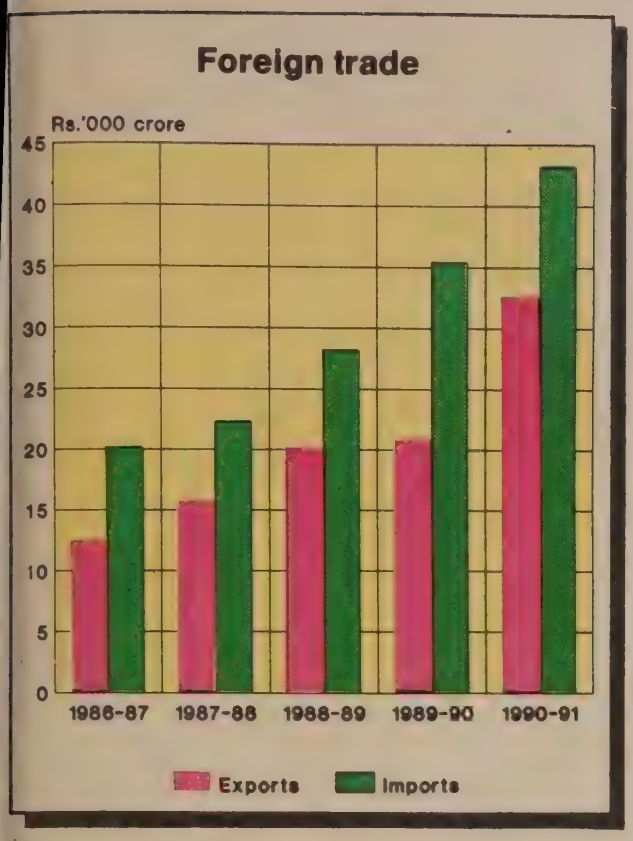
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The need of the hour is to boost exports. On them will depend the economic prosperity of the nation. Admittedly, India with its current resources and achievements can carry on, but growth would be jeopardised and competitiveness and modernisation would remain merely exhortations.

The IMF loan, even if it is $ 7 billion, at best can take care of India's short-term debt repayments and interest, enable the country to import essential items like capital goods and give some respectability to the foreign exchange reserves position. But in the long run, the country will have to rely on a trade surplus to beef up its foreign exchange reserves.

India has been doing well on the export front only in the last few years. In 1985-86, exports declined by 7.2 per cent in rupee terms and 21.8 per cent in dollar terms, but the subsequent years saw them increase rapidly. Even after discounting for the fall in the value of the rupee in dollar terms, exports between 1985-86 and 1990-91 are up 100 per cent which means that the annual average growth rate was 15 per cent. Only in 1990-91, exports fell short of the target though they were up 17.5 per cent to Rs.32,527 crore.

On the other hand, imports over the last few years have been growing at a much slower pace. In dollar terms, between the period 1985-86 and 1990-91, imports have gone up by 50 per cent which is about half the growth rate of exports. In fact, there was a quantum jump in 1990-91 by 13.1 per cent to $24,060 million. This was mainly due to the import bill for crude oil and petroleum products, which was up 70.9 per cent in 1990-91 to Rs.10,800 crore against Rs.6,318 crore in the previous year.

Rationalise imports

Given the largely inelastic demand for imports and the fact that bulk imports constitute about 40 per cent of the total imports, it would be imprudent to rely on drastic cuts in imports. But there is scope for rationalising imports. For example, fertiliser imports in 1990-91 were Rs.2,700 — up 52 per cent over the previous year. Surely better capacity utilisation of public-sector fertiliser plants would go a long way in reducing imports. Iron and steel imports, though down over the previous year, still amounted to Rs.1,984 crore in 1990-91.

On the other hand, there is good scope for boosting exports. Export of readymade garments in 1990-91 amounted to Rs.4,640 or 14.3 per cent of total exports. But India has been concentrating on low-value downmarket items. A shift to high-value items would help in improving margins and also increase value added in exports. But this would involve improving quality and delivery schedules. Exports of engineering goods were up 37 per cent to Rs.3,221 crore. Despite the strong growth in this sector over the last few years, India only accounts for 0.09 per cent of world engineering exports. Better quality and reliability and greater emphasis on product design would help build confidence of foreign buyers in Indian engineering goods. There is good scope for increasing exports of leather manufactures, gems and jewellery and synthetic textiles too.

India has ample scope to boost foreign exchange earnings by developing computer software for foreign firms, rendering consultancy services and undertaking turnkey projects abroad. Because in these areas India enjoys a direct comparative advantage vis-a-vis cost.

India is still not a major exporting nation because exports of manufacture as a per cent of GDP is around 6 per cent. Even countries like Thailand, Malaysia, the Philippines and Sri Lanka have 10 per cent or more. Countries like Taiwan and South Korea have manufacturing exports in the region of 40 per cent of GDP.

If India is serious about exporting, it will have to restructure its industrial policy which allows successful companies to grow and flourish and laggards to go to the wall. Competition in the domestic sector is a prerequisite to boosting exports. Only a revolutionary pace of improvement will bring about the desired result because other nations are improving as well. The government has taken the first bold step of devaluing the rupee to a more realistic value. It will also have to spell out a bold exim policy that gives the right signals to Indian companies to get on with the job.

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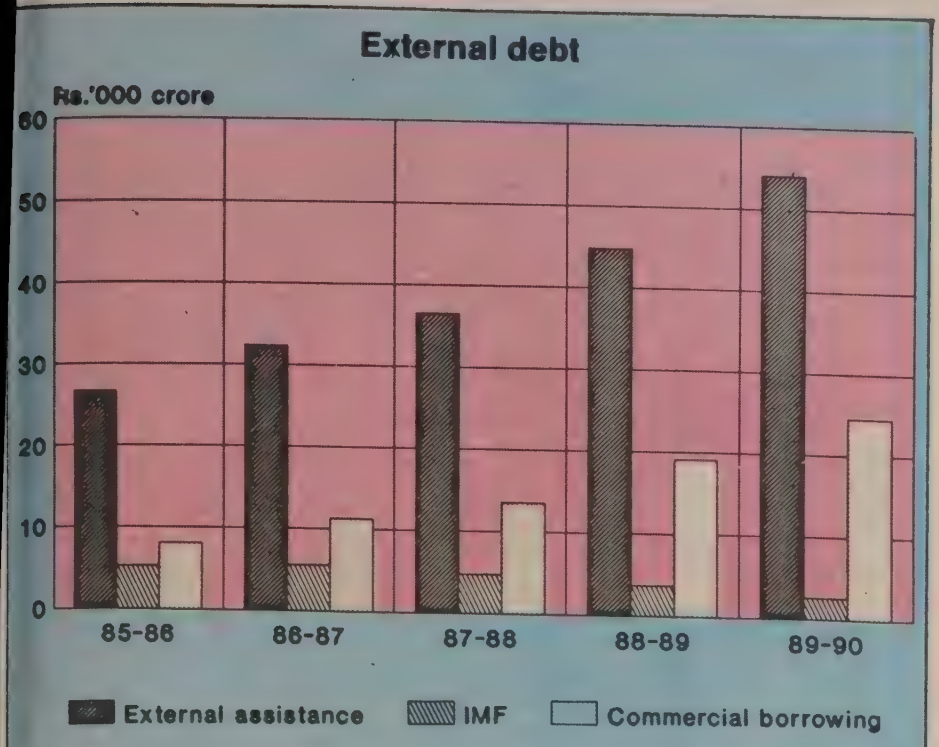
OR

Industrial Assistance Group (IAG), Haryana Emporium,
8, Baba Kharak Singh Marg,
Connaught Place,
New Delhi-110 001
Phone : (011) 350801, 343628

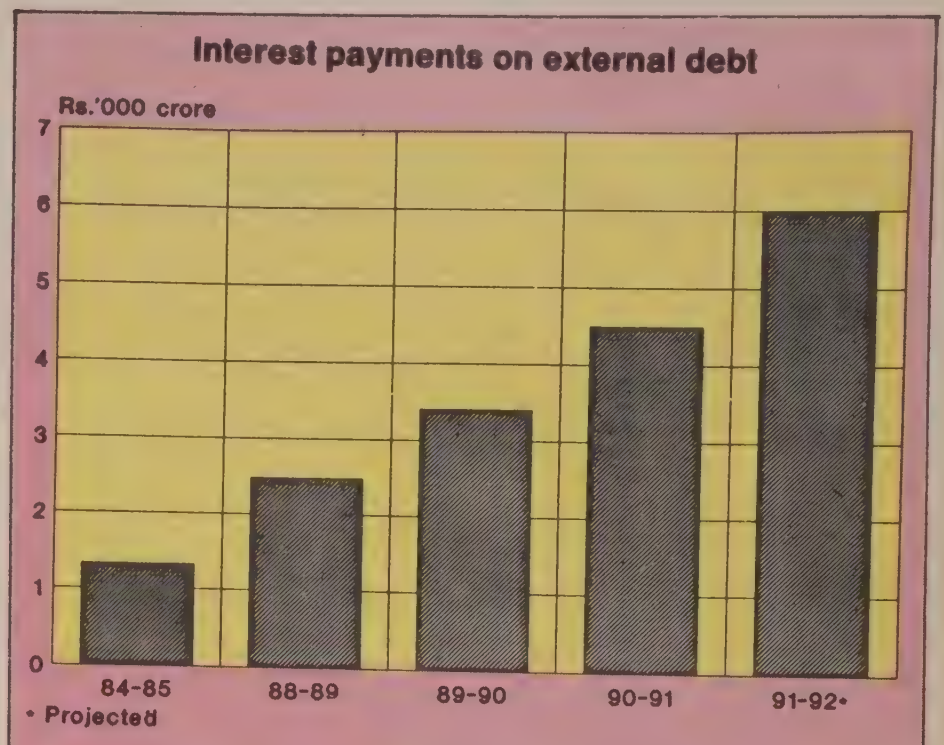
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India's long term debt has more than doubled in the last five years. Commercial borrowings rose by a factor of three. The debt-service ratio which was only 17.5 per cent in 1985-86 has now crossed the safe limit of 20 per cent and is currently around 22 per cent.



Interest payments on external debt have increased significantly in recent years. The sharp rise is due to a change in the borrowing portfolio. IDA, the soft loan window of the World Bank, accounted for only 12 per cent of the total aid authorised during the Seventh Plan as against 37 per cent in the Sixth Plan.

Wholesale price index: The wholesale price index of all commodities is marginally up by 0.92 per cent for the month under review. Primary articles is up 1.6 per cent, largely because of the sharp increase in the index of cereals and pulses. On the other hand the index of manufactured products is up only marginally by 0.7 per cent.

(1981-82 = 100)

	22 June '91	25 May '91	23 June '90	% change over month	% change over year
All commodities	195.7	193.9	177.7	0.92	10.12
Primary articles	203.0	199.8	180.5	1.60	12.46
Manufactured products	192.8	191.5	178.3	0.67	8.13

Money and banking (scheduled commercial banks): There has been a sharp fall in aggregate deposits which is reflected in the marginal decline in bank credit. Food credit has also declined, though on a year-on-year basis it is up 45 per cent.

(Rs crore)

	14 June '91	17 May '91	15 June '90	% change over month	% change over year
Broad money (M3)	2,77,792	2,77,208	2,39,537	0.21	15.97
Aggregate deposits	33,484	34,061	28,764	– 1.69	16.40
Bank credit	1,17,997	1,18,231	1,03,593	– 0.19	13.90
Food credit	5,456	5,509	3,766	– 0.96	44.87
Credit/deposit ratio	59.64	59.89	60.83		

Bullion prices and stockmarket index: Gold during the month to 12 July 1991 was up nearly 7 per cent to Rs.4,000. Silver, on the other hand, is only marginally up. Both gold and silver were reflecting the impact of the rupee devaluation. The BSE index has shot up on expectations of greater decontrol measures for industry.

	12 July '91	14 June '91	14 July '90	% change over month	% change over year
Gold (Bombay)	4,000	3,749	3,300	6.69	21.21
Silver (Bombay)	6,925	6,831	6,776	1.37	2.19
BSE index	1,441.85	1,282.8	920.24	12.39	84.09

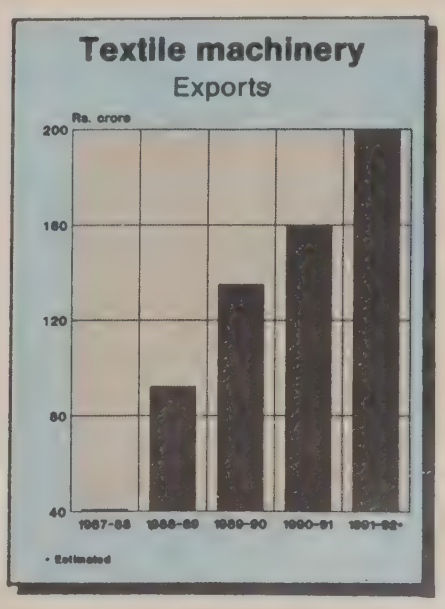
Price of gold is in rupees per 10 gm and silver in rupees per kg)

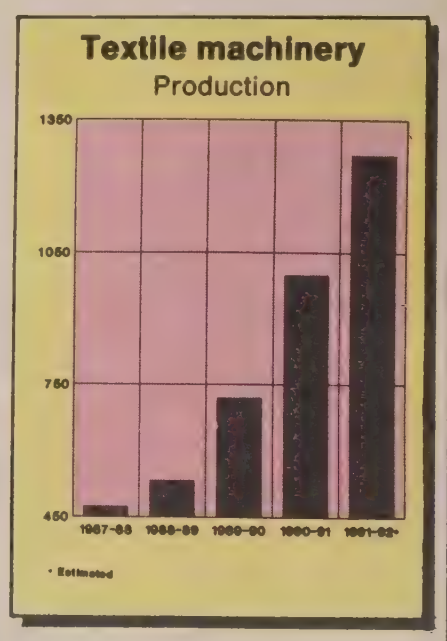
Textile machinery

The textile machinery industry has come of age. It is one of the largest producers of capital goods in the country and has a capacity to produce 2.2 million spindles annually. Though the period 1976 to 1981 was good, since 1982 however, the industry went into a recession and came out of it only in 1988.

Exports

There has been a steady increase in the export of textile machinery over the years. In 1991-92 exports are expected to cross Rs.200 crore. The target is to export 30 per cent of production.





Production

Production of textile machinery which was only Rs.472.73 crore in 1987-88, has increased to Rs.1,000 crore in 1990-91 registering a 111 per cent increase in just three years. During the last two years production of spinning machines increased by 100 per cent.

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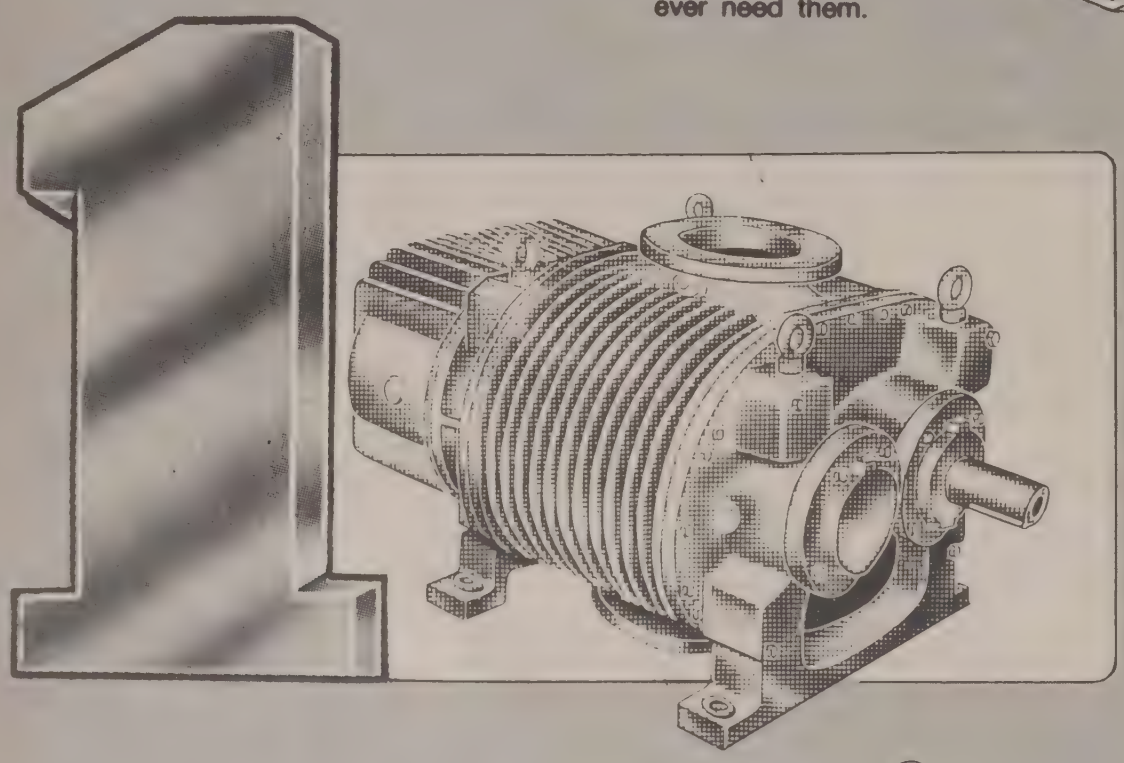
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NEW INDUSTRIAL POLICY

Appropriate for services sector

An earlier piece in this column made the point that service industries in terms of their key contribution to the economy are underappreciated in India.

Enterprises contemplating competing in the service industries globally require an appreciation of the technological changes in these industries as well. It is pointless waging battle with the equivalent of bows and arrows in a missile era. Specifically, service industries too are becoming increasingly capital-intensive through their use of tools such as those based on information technology (IT); this was inevitable in the developed countries where this segment has grown much faster than the manufacturing sector and yet people-costs which reflect standards of living are continually rising.

Importance of IT tools

Thus apart from the IT industry itself which has witnessed a growing use of computer-based tools to increase the productivity of the software industry, other service industries such as banking and insurance, fleet maintenance of aircraft as well as other transport equipment, health-care delivery, etc, all depend greatly on IT tools. Indian companies, to compete effectively in this milieu, must not only have access to these tools, but even more importantly have people who are fluent in their use. However much we may deny the very real need for these IT tools to bring our own economy under control, surely at least considerations of the vast export potential of these industries must awaken us to the need for widespread use of IT. As if competition were not reason enough, threatened new certification procedures in Europe 1992 for service industry professionals may demand that they demonstrate familiarity with these tools before they participate in the economy in these areas.

As to the problem of marketing, it would not be an exaggeration to say that the key to success in service industries involves, other than a presumed control of the basic technological aspects of the business marketing, marketing and marketing! Growth of markets both causes and is a result of such a marketing push that tends to focus attention upon the end-user. This makes the selling game increasingly consumer-goods like, even in what would hitherto be considered "industrial products" such as software and financial services. Unaccustomed as we are in India to real competition and given the contempt in which policy-makers hold the vital technology of marketing, we in India have a doubly difficult task ahead of us in global markets. This is particularly so because responsiveness is a key feature of the effective marketing company; responsiveness is a function of corporate culture, not merely the capabilities of an export department, and reflects the marketplace which gives no premium to responsiveness in a protected economy.

Even more important than changes in enterprise-level cultures are those in our policies. Today, the entire taxation structure favours tangible-manufacturing through its emphasis on depreciation allowances, investment credits, exemption of profits from exports of goods, the IDBI deposit scheme which permits tax deferral until funds are required for plant and equipment, and so on. It does not recognise investments in human resources to improve their skills, the key area of investment for the service industries. This structure makes it extremely difficult for service industries to generate internal cash resources for reinvestment in the business or market expansion overseas. A fairer mechanism would be corporate taxation based on distributions.

In the area of financing of service industries, the current structure of our policies is positively discouraging. The principal assets of a service industry tend to be office buildings and trained professionals on whom the organisation spends more money for further training. Neither is accepted as a basis for financing — the first because it is considered "commercial" and not "industrial" and so somehow unworthy of economic assistance, the latter because it provides no collateral. Yet it is known that on the one hand even tangible collateral provides little real security, while on the other hand favoured farmers do not seem to find lack of collateral any bar to receiving finance. In the end, despite all the talk of employment generation, this vital engine of employment generation finds it virtually impossible to get loan finances. Even state incentives, supposedly intended to increase employment, in fact only promote a poor surrogate for employment, viz investment in plant and equipment; it is hardly surprising that these incentives are increasingly paid to capital-intensive industries such as petrochemicals which generate little employment. Far better would be grants on a per-employee basis, especially for educated employment. The growth of these service industries would then also assist in the process of metropolitan decongestion.

Import restriction

Next, take capital goods related policies. It was pointed out that even this sector of the economy is witnessing technological change which makes it more capital goods intensive; yet the export import policy makes scant mention of this vital need and has few provisions to address it. The software industry has witnessed 17 years of such discrimination in importing its capital goods requirements, despite public avowals by policy-makers of its importance. In contrast, in one quick move in 1984, the hardware industry got a bagful of goodies for its capital goods requirements that it retains even today: no export obligations, OGL imports, low customs duties.

Lastly, take our small-scale reservations policy. This policy imposes an impossible burden on the capital-short small entrepreneur to put up increasingly capital-heavy manufacturing plants. Yet, it penalises the larger community of consumers by subjecting them to shoddy goods that are often actually dangerous, as the Lentin Commission report pointed out. Would it not be better if we recognised the potential of the small-scale industry to render services of a personal nature in close proximity to their customer base? Then we would insist that the small-scale stick to the service industries instead of venturing into manufacturing. The whole country would benefit from such a change.

All these policy changes taken together may seem like quite a job, yet they are hardly revolutionary or disruptive. More importantly, can we really afford not to make these changes so vital to the flourishing of the service industries given that they are perhaps the last major source of significant increases in export earnings?

■ PRAKASH HEBALKAR

The author is president of ProfiTech, an international business consultancy firm based in Bombay


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Bhadralok economics



SUDHIR MULJI

What ails the Left? The general pattern of their various creeds is to oppose whatever the government does, and then provide the economic arguments to justify precisely what the government has done. In their latest epistle of disapproval, they tell us that devaluation is likely to be inflationary.

Yet, in their previous statement published in the *Business & Political Observer* on Tuesday, 14 May, they implied that inflation may not be a serious problem because, and I quote, "with the exception perhaps of edible oils, there is no shortage of domestic supplies of essential commodities in the economy at the moment". This was the basis of their argument for a larger fiscal deficit than that apparently required by the IMF.

Now the Left group cannot have it both ways. In fact the Left should support devaluation because it has consistently maintained that the foreign exchange profligacy of the eighties primarily benefited those who produced luxury goods and not those who toiled away to give us our daily bread. Surely the Left should not now object to that class of manufacturers of goods having to pay a bit more for their opulence. But in this context of supporting the poor against the rich the Left group of economists has adopted a curiously inverted position.

Mobilising NRI support

It is part of the Left solution to our balance of payments problem that we should, I quote again, "mobilise the support of the large number of Indian workers abroad who, through remittances, have contributed no small sum to support the balance of payments over the eighties". They accuse the government of failing "to garner what these workers were willing to transfer to India in the wake of the Gulf crisis".

Surely, the best way to garner these savings is to give these workers a better price for their foreign exchange — and that is precisely what devaluation does. These people are the poor of Kerala, some of whom have lived in virtual slavery under their Middle Eastern masters. We should give them a fair price for their earnings, and not exploit them when they have no other alternative.

But the Left clearly does not believe in that kind of justice. They criticise the government for failing to take advantage of the opportunity provided by the Gulf war, that is when the Indian worker was frightened, to exploit their difficulties and garner their savings. And it is this Left, with this mentality, that now wants to appeal to the NRIs to come to the rescue of the Indian balance of payments.

As if this was not shameful enough, look at the other side of the coin: who benefits from an over-valued rupee? The answer is, those who can make sure that the bureaucrats allot foreign exchange to them. According to the Left, that is the upper income groups who spurred the consumption boom of the last few years by their foreign exchange profligacy.

Simple thinking

A normal person would conclude that the Left would openly support a move that benefits the poor of Kerala and hurts the dazzling yuppies of Bombay, but then that sort of simple thinking does not take into account *bhadralok* logic. What the Left would prefer is import controls, thereby creating further rents for luxury manufacturers, and at the same time appeal to the patriotism of the poor folk of Kerala to exchange their dollars for an over-valued rupee—in other words, manipulate the exchanges to fool the workers.

The truth about these paradoxes is that the Left has lost its bearing. Socialism is in retreat throughout the world, and entirely because of economic failure. The Indian Left has not yet learned the lesson that has emerged. On the one hand it blames past governments of committing financial profligacy, it argues against the poor quality of state intervention, and it claims that the mixed economy has been hijacked by rent seekers (see Arun Ghosh's article in *Business and Political Observer*, 15 May). Yet, on the other hand, it seriously recommends relying upon the same type of government to administer import controls in a way that would squeeze just the rich. It also expects the government to rationalise expenditure, and to do everything to steer the system in an optimal direction.

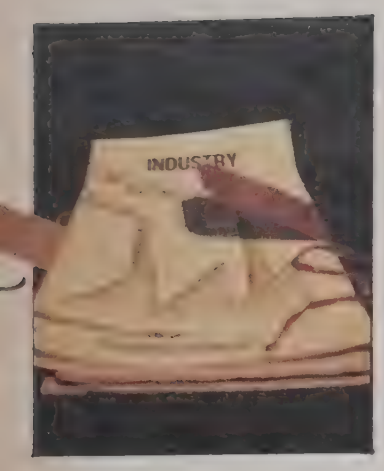
Yet the real lesson of the last 40 years was taught to economists many centuries ago. For it was Adam Smith who warned us that whenever governments and business get together there will be rent seeking, that governments are profligate, and that state intervention is likely to be unhelpful. That the only way to protect the consumer is to make business compete in an environment of total free trade.

If Manmohan Singh does what he promises, it will certainly make business sweat; but my friends in Bombay need not worry too much. My economic knowledge is limited to Keynes and Adam Smith, while the *bhadralok* economists from Calcutta with their subtle, clever minds and brilliant mathematical models will find a way to justify tinkering so that the old nexus between government and business will be re-established, and making money will be easy again.

The author is an economist and former chairman of the State Trading Corporation

THE ECONOMY

LETTING GO



In 1989, the Congress party went to the hustings proclaiming that their's was the only government that worked. Recent history proves that did not cut much ice with the electorate. That probably was why the the party did not use the same slogan for the elections this year. But it could well have. For the frenetic pitch at which the Narasimha Rao government has started its operations would entitle it to be described as the government that not only works but does so faster than most of its predecessors.

Capital watchers used to seeing governments struggling with decisions have been truly stunned at the speed adopted by this government. But in a way it is not surprising that things are moving at the pace they are. Even before the elections were over, and in fact even during Rajiv Gandhi's lifetime, a core team was constituted within the Congress party to draw up a plan of action which could be acted upon as soon as the party came to power. Such was its confidence. The team comprised of telecom whizkid Sam Pitroda, former SAIL chairman V. Krishnamurthy, former union home secretary R.D. Pradhan, the present editor of the *Financial Express*, A.M. Khusro, and the then Planning Commission official, Jairam Ramesh.

Groundwork in place

This cell had the benefit of a paper prepared by commerce secretary Montek Singh Ahluwalia on liberalisation — the paper which had created a controversy last year when it leaked out during V.P. Singh's regime. In any case, the cell quickly drew up a plan recommending ways and means to restructure the economy and put it on even keel. It is on the basis of this groundwork, already in place, that the government has been working as fast as it has been in recent days.

Another factor has helped the government to take new initiatives quickly. This is the fact that the liberalisation process has now been on for the last few years. A considerable amount of thinking had already been done on a range of issues in various ministries over the last one or two years. Official committees were working on various matters and a number of proposals had been taken up by bureaucrats from time to time. However, due to the absence of any government worth its name in New Delhi, most of these matters were kept pending.

For instance, there is now talk of abolition of the DGTD. The fact is that initiatives in this direction were taken by the industry ministry in 1988, and in 1989 the Scientific Advisory Council to the prime minister had also made a recommendation to this effect. Then again, the initiatives expected towards increasing the asset limits of companies coming under the MRTP Act, were actually being pushed by the Department of Company Affairs for the last two years. For some inexplicable reason, finance ministry was not keen on it.

Another example is the decision to go in for the fourth round of exploration for offshore acreages. This too has been pending for a long time, even though a committee headed by the former petroleum secretary Lovraj Kumar had identified the blocks to be auctioned. Initiatives are now being taken on this matter. An even more glaring example is the new trade policy pushed through by P. Chidambaram, for which he has won accolades. This is actually the result of initiatives taken by the previous commerce minister, Subramaniam Swamy.

The new ministers of the Narasimha Rao government, who took over recently, found that there were a lot of files and proposals that needed attention and could be dealt with immediately. Says the private secretary of a new minister: "Our ministers were undoubtedly helped by the fact that they were clearly told by the prime minister about the general directions which the policies would have to take." This quick enunciation of the philosophy of the government undoubtedly spurred on the ministers to take bold decisions and take them quickly.

If, even in spite of being a minority one, the government was able to quickly get its philosophy in place, the credit for that should actually go to the plummeting fortunes of the Indian economy and prime minister Narasimha Rao. The combination of a collapsing economy on one hand and an insistent IMF on the other



made the government take quick decisions on matters which had been pending for years. And credit should go to the new prime minister too, because he mustered up the requisite political will, something his predecessors could never organise.

In a way, the rapid changes initiated are also part of a deliberate policy. It was the strategy of the new government to offer its package as a *fait accompli* even before the Parliament met for its new session and a vote of confidence was passed, so that opposition parties, even if opposed to these measures, would be overtaken by the speed at which it is undertaken and too numbed to even react.

The strategy has obviously paid off, initially, at least, and the announcement of different policies in quick succession at least left the main opposition party, the BJP, grappling with the implications.

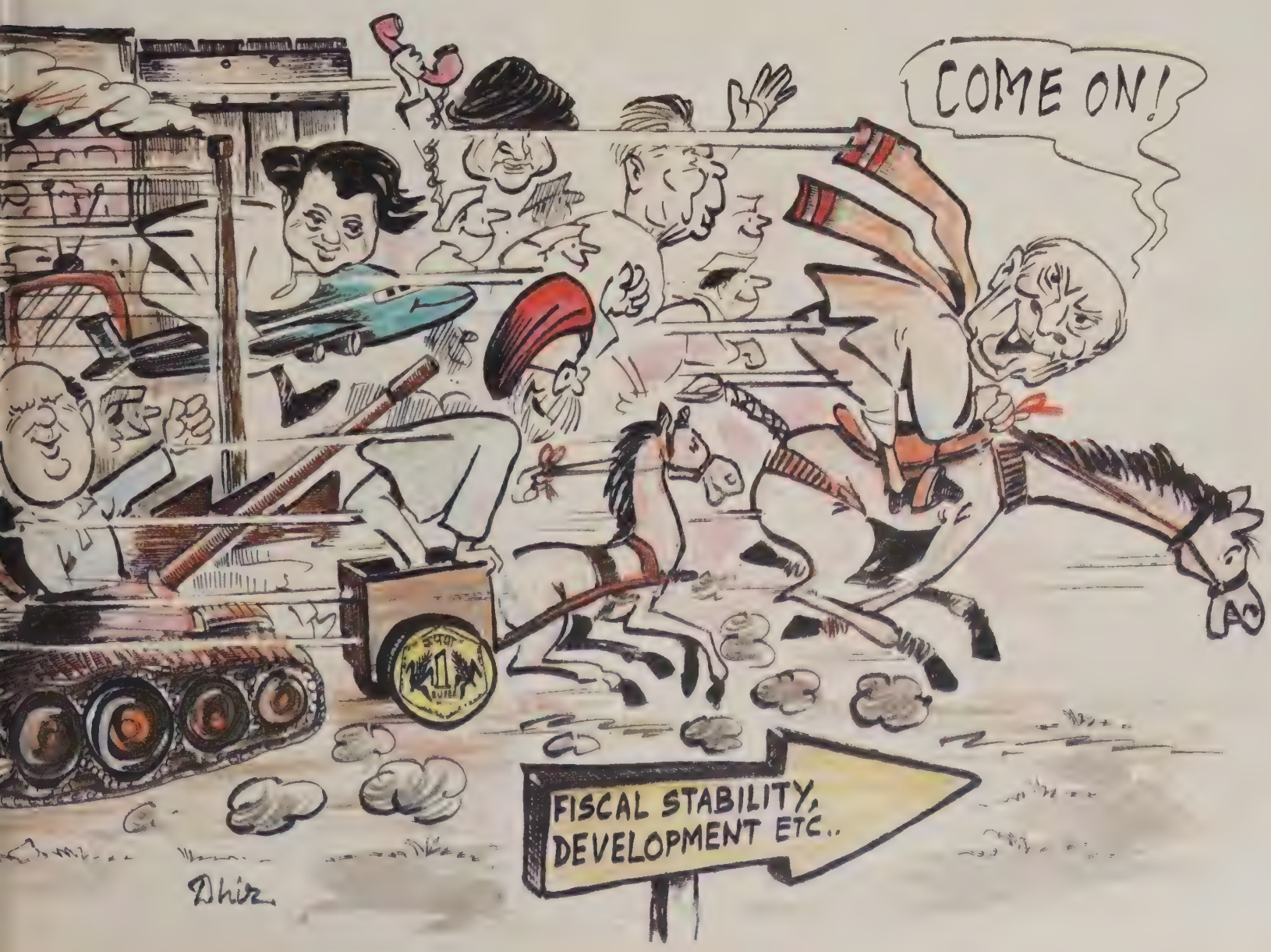
Narasimha Rao knew from the very beginning that a radical industrial policy would face opposition. That was why he wanted to push through as much of liberalisation as possible before any concerted opposition developed. In fact, when the first draft of the policy was made by the prime minister's office — and not by Udyog Bhawan though its officials contributed parts to it — Rao rejected it by terming it as "not radical enough". Thereafter a more liberal draft was produced and accepted for action. But to be on safe grounds, the government deliberately leaked out a substantial part of it to test the reactions that it would evoke (*see companion story*).

The reactions were mixed. Though industrialists and economists seemed to be welcoming it, trade unionists, left parties and more significantly even some Congressmen seemed to have reservations. This mainly concerned the exit policy being envisaged by the government. Even K. Ramamurthi, the present union labour minister and earlier a labour leader, is on record saying that he had not been consulted about the changes in the industrial policy. If not anything else, that would point to some dissension on the issue within the cabinet.

Faced with the situation, Narasimha Rao started talking to some pro-liberalisation opposition leaders, hoping to get them to support the new policy proposals, cutting across party lines. At the time of writing, efforts in this direction were continuing. In the meanwhile, the PM has announced that he would in fact come out with a new policy "in the next few days".

What seems likely now is that the new policy will be a truncated one; one which will skirt the issue of exit of industries. But that will be a half hearted effort not in keeping with the newly found image of the government. ■

KINGSHUK NAG



PROPOSED INDUSTRIAL POLICY

Hints of big things to come

The much talked about new industrial policy was to be presented in Parliament on 15 July 1991. At the time of writing, four days have passed after that date and the policy is not yet out. In fact, it is now learnt that the policy will only be tabled next week, beginning 22 July. The reason for the delay, say political insiders in Delhi, is a difference of opinion on the exit policy for sick units.

The government proposes to make it easy for industrialists to wind up their companies if the latter turn sick. But the 'socialists' within the Congress party and members of the left front, fearing abuse of such a policy by industrialists and large-scale retrenchment of workers, are opposed to the move. This lack of consensus has delayed the announcement of the policy.

Despite this, the major features of the proposed policy are already known. The details were leaked out to the press over the last ten days in an attempt to gauge the political reaction. But observers feel that this move backfired. In the new policy, investment in projects up to Rs.200 crore will no longer require a licence, the asset limit for MRTP companies will be substantially hiked, and foreigners will be allowed higher equity holdings in Indian companies. And, besides allowing sick companies to close down easily, the new policy also reportedly seeks not only to reduce the number of industries reserved for public sector, but also abolish the phased manufacturing programme (PMP) for industries.

Departure from tinkering

Clearly, the new industrial policy will be a major departure from the tinkerings of the past and certainly revolutionary when compared with the first industrial policy of 1956. That had relied heavily on the public sector for industrial development and tried to contain the private sector through numerous restrictions.

The changes made in the investment limit imposed on the delicenced sector is a fair example of this departure. It was raised from Rs.3 to 5 crore in 1983, from Rs.5 to Rs.15 crore in 1988, and further to Rs.25 crore for the projects in economically developed areas and to Rs.75 crore in backward areas. Now, in one stroke, the limit is to be raised to Rs.200 crore without any locational restriction. (But industry will still not be permitted within 20 kilometres of the four metros.) Licences are also not required for projects requiring imported capital goods of up to Rs.50 crore.

However, this doesn't mean that it is going to be a free for all. Any new project included in the 96 industries where the minimum economic scale (MES) of production has been specified (Appendix 9 of Industrial Policy) will have to conform to that size. This alone will raise the project cost easily above Rs.200 crore. In case of polyester staple fibre (PSF), for example, the MES is set at 60,000 tonnes; a new project of this size will cost nearly Rs.400 crore. Similarly, if one were to comply with the MES set out for a new project for PVC, PTA, caprolactum, electric motors, or a gas or naphtha cracker, the project cost will be much above Rs.200 crore and therefore require a licence.

Nevertheless, for a large number of less capital intensive industries like two-wheelers, VCRs, refrigerators, a project will cost under Rs.200 crore even after compliance with MES limits. This will provide easy entry for entrepreneurs. To make delicencing more meaningful, it is also proposed to drop a few industries from the list of 26 industries where licences are compulsory. The list may now be pruned to 14.

Asset limits

Another important proposal in the new policy is to raise the asset limit of MRTP companies to Rs.1,000 crore from the existing Rs.100 crore. A company comes under MRTP Act of 1969 when its asset or the total assets of the group of interconnected companies touches the asset limit. Also, if a company controls 25 per cent or more of the market of a particular product it is considered "dominant" and comes under the purview of the MRTP Act. It is not known whether the latter limit will be hiked, but the asset limit is almost certain to go up. If the left front were to have its way though, the limit will be raised only to Rs.500 crore.

If the limit is raised to Rs.1,000 crore, only about 12 business houses — like the Tatas, Birlas, Reliance, Thapars, Singhanias, RPG, L&T, Mafatlals and the Mahindras — will remain within the MRTP net. If one were to take into account the individual companies controlled by all MRTP groups in the country, the total number of companies registered under the Act is about 1,800; these will now be reduced to about 300. What this means is that except for the top 12 or so really large houses, all other companies will now be free to take advantage of the liberalised industrial policy. The government may even enhance the list of 52 delicenced industries where no MRTP clearance is required.

In the case of the Foreign Exchange Regulation Act (FERA) too, the government is planning to bring in major changes. At the moment, a company comes under FERA when foreigners hold 41 per cent or more of its equity capital. The government wants to raise this limit to 51 per cent. In some high technology industries, the limit may even be



increased to 100 per cent, provided there is a net foreign exchange inflow.

Also being contemplated is an increase in the number of delicenced industries for FERA companies and a relaxation of restrictions on technology imports. These changes, hopefully will make multinational companies from Europe and the US take more interest in their Indian operations. This is because a 51-per-cent holding would enable them to consolidate the financial results of their Indian companies into their books of accounts.

Inherent contradiction

And of course, there is the controversial proposal for an easy exit route for industrialists from sick units. What this means is that to liquidate a sick company, the promoter will not have to go through the usual grind of BIFR procedures. Exact details of this policy are not yet known, but R. Kumarmangalam, minister of state for law, justice and company affairs, is reported to have said that "only those companies that have no public debt will be allowed to liquidate themselves without fuss". There is an inherent contradiction here, since almost all sick companies have large debts to the public, banks and financial institutions. Result: they will all have to go through the usual BIFR route in any case.



According to the new policy, inefficient public-sector undertakings will no longer be the "holy cows" of the Indian economy. The number of industries reserved for the public sector, like mining for coal, iron ore and non-ferrous metals (like copper and zinc), and manufacture of arms and ammunition for defence, will be significantly reduced. Many industries, where large investments are required, will now thus be open to the private sector.

The question that must be asked is whether the government, however reluctantly, is giving up the idea of the "commanding heights of the economy". It is clear to all that in several key areas such as power generation, telecom and electronic equipment, the public sector has simply failed to deliver. At another level, there is absolutely no reason why the public sector ought to have the exclusive right to integrated steel plants. Last, but not the least, the government must just not be in the business of making bread or bicycles.

If the new industrial policy does turn to be what it promises to be, it, along with devaluation and the new trade policy (which is expected to increase exports), will undoubtedly open new horizons of faster and freer growth of industries. And that is what industrialists have been crying for. Though it will be naive to expect overnight changes, it is quite clear that the new policy will quickly shift the economy into a higher gear. A clear signal will be sent to industrialists, both local and foreign, that the government really means business.

Once the climate of investment so changes, worldwide experience has been that in spite of any short-term shakeouts, investment quickly picks up and even the old established industries get a fillip. There are few simple key issues. How soon will new jobs be created? How soon will new investments materialise to raise output quickly? It is only by such rapid expansion that prices can be kept in check. These will be the tests of the new policy.

■ DILIP MAITRA

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Changes all around

It is not just the finance and industry ministries that are agog with talk of liberalisation in New Delhi. Here is a brief scenario of what is happening elsewhere in the government

CIVIL AVIATION



Now that the new economic dispensation has triggered hopes of quick and across-the-board privatisation, the public sector Indian Airlines and Air India can be counted out of the new scheme of things, though "selling these airlines is not on the immediate agenda," reiterates new civil aviation minister Madhavrao Scindia.

The minister, however, has been concerned with complaints from private air taxi operators, which include exorbitant parking charges at airports and allegations of wilful acts of interference by Indian Airlines. Says Scindia, "Air taxi licences under the 'Open Sky' policy were issued by my predecessor governments and I am not against the policy at all. I feel they should be encouraged and I have promised to remove any impediments they may be facing."

But the real problem, not being addressed by anyone openly, is the fact that air taxi operators have to make arrangements for all the foreign exchange through NRIs. How can anyone earning in rupees remit instalment or lease payments on aircraft from their earnings in foreign exchange? The result is that few mainstream business houses have chosen to enter the business. Incidentally, UB Air's Dornier was paid for in rupees.

Government helpless. The main grouse of air taxi operators, though, is that they are finding it more difficult to break even, as they earlier anticipated. And this is one area where the government cannot help. Says Union civil aviation secretary A.V. Ganesan, "We will provide all opportunity, but the government will not stand guarantee for the air taxi operator's loans." Adds Scindia, "To be honest, I don't know how bright the figure is for them, but we will give them all encouragement. It is up to them to make it commercially viable."

When Scindia took over last fortnight, his plate was full of decisions waiting to be taken. The fate of Vayudoot, the loss-making feeder airline, had to be decided, the future of Pawan Hans, the public-sector helicopter corporation, had to be charted out, Indian Airlines needed a replacement for its ageing Boeing 737s and Air India was long awaiting a governmental nod for its proposed purchase of four new Boeings. Moreover, his other responsibility of heading the tourism ministry meant Scindia had to decide quickly on how to get foreign visitors and foreign exchange into the country and also set a new pace for the sluggish Indian Tourism Development Corporation (ITDC).

Despite several reports to the contrary, the government's thinking on Vayudoot continues to be against selling it lock, stock and barrel. Says Scindia, "I know it's in a bad shape. We have three options — run it as it is, restrict its operation to routes which are needy, or wind it up. I would personally prefer the second option."

The only reason for this appears to be the political pressure on sustaining lines of communication with the North-East and other such areas. No private air taxi operator is willing to step in there because it is economically unviable, and the government is wary of attracting criticism if Vayudoot suspends the only air link to these places.

Fleet replaced. Meanwhile, Pawan Hans, whose profitability was severely affected by the fleet of malfunctioning Westland choppers, has managed to convince the civil aviation ministry to replace the grounded fleet. The Helicopter Corporation's good performance with its fleet of 14 Dauphins has prompted the Planning Commission to approve the acquisition of 17 more. Says Scindia, "The Westlands, as you know, were giving too many problems, but Pawan Hans has been making money in its Dauphin fleet. It should do better, once it has the new helicopters."

An earlier proposal seeking finance from the Oil & Natural Gas Commission to purchase the new fleet has now been shelved in favour of external commercial borrowing. "I don't like to run to the government for soft credit. If Pawan Hans thinks it can run its business profitably, then it should borrow from the market," adds Scindia.

The minister feels the first thing to do with Air India is to appoint a permanent chairman and managing director. "We should first put a competent man on that chair and then make demands from the airline," he says. But he concedes that with the cut-throat competition among international airlines, Air India needs to quickly improve services and its image on reliability. "Its a major task, but it can be done with a little motivation," he adds hopefully.

If the new economic dispensation has little to offer in terms of any changes in the aviation sector, Scindia is promising to make up in the tourism sector. He has recalled the 1986-vintage Mohammed Yunus report on tourism which recommended a national tourism policy, and has promised to bring out such a paper within three months. The new government has three objectives here — to accelerate the development of infrastructure, to project a positive destination image of India abroad and to cater to the aspirations of the 150-million strong middle class in domestic travel. To achieve all these, the new government has offered much to the private sector. "I want to remove all obstacles on the path of the private entrepreneur in the tourism industry," says Scindia.

■ R.S. VENKATESH

COMMUNICATIONS



This highly visible and media-sensitive ministry is again in the throes of change. But in the last two years, as ministers changed, chairman of the Telecom

Commission, Sam Pitroda, stayed put. Unfazed by the controversies surrounding him, Pitroda strove to keep the telecom sector entirely dependent on the indigenous production of the necessary equipment.

The new minister Rajesh Pilot was known for his efficiency as minister for surface transport in the earlier Congress (I) government. Pilot and Pitroda differ on certain issues such as the entry of multinationals into the sector. While Pitroda would prefer to keep them out and let C-DoT take the leading role, Pilot thinks that India's telecommunication requirements are large enough for everyone to have a share of the cake.

Another major decision the ministry will have to take soon concerns the implementation of the Athreya Committee report. The committee set up by the former communications minister, Sanjay Singh, had favoured the disbanding of DoT and the constitution of the Indian Telecom Operating Corporation reporting to the Telecom Commission. It had also recommended the setting up of four zonal subsidiary corporations — one for each region and one Long Distance Connector Corporation. However, the implementation of the report was postponed as elections were round the corner and it was left to the new government to take a decision on this major issue.

Goals set. In his first press conference, Pilot indicated the direction in which the telecom sector would be moving and set the goals for his ministry. The new minister does have his hands full, if one goes by his line of thinking on the restructuring of the telecom sector. He wants efficiency, consumer awareness and more opening up. Among others, the major decisions that DoT has already taken concern privatisation, pricing policy, capacity utilisation for equipment manufacture, notably large switches, and (apparently) restructuring, though a final cabinet clearance is awaited on the last.

Pilot's 26-point programme is indeed ambitious. It talks of providing 700,000 new lines this year against 464,000 last year. The investment required in toning up all aspects of the telecom services is a mind-boggling Rs.20,000 crore. It is no wonder then that telecom officials are spending sleepless nights. Though Pilot says resources would be generated internally and through public bonds, it seems it would be difficult to do so until the pricing policy is changed.

According to the BICP report on the pricing structure for the telecom sector, cross-subsidisation could be one way to generate increased revenue. For the time being, Pilot has allowed mobile telephones to be made available against foreign exchange payment and is allowing networking by bulk and business subscribers at higher rates. As it is the plan is to ask business subscribers to pay more than residential consumers for telephone facilities.

According to Pilot, private participation is being invited for building and operating networks in "growth centres and satellite towns". Value-added services like E-mail, and video conferencing are also being offered and the 10,000 line C-DoT exchanges will be available for manufacture by the joint/private sector. And, for the first time, the private sector has received large orders to export telephone instruments to the US.

All these are encouraging signs, but the major issue of breaking up DoT still haunts Sanchar Bhawan officials. And while there is little option except opening up to grow, doubts still persist. The sooner a decision is taken in this regard, the earlier the targets can be met. It, therefore, remains in Pilot's hands to make do with what is available. A good beginning would be to meet the target of providing OYT telephone connections in the stipulated period of a year in Delhi and Bombay.

■ RAHUL SHARMA

PETROLEUM



The story of petroleum is one of delayed decision making — more so than other ministries — whether it be the offshore development projects, ONGC's programme to reduce gas flaring, the much delayed bid for the fourth round of exploration blocks' auction or the acceptance of the Bombay High Review Committee to restore the damaged wells. All these projects are behind schedule and petroleum minister B. Shankaranand has promised that he would act with the greatest speed to decide on all these. The ministry is awaiting the announcement of the Industrial Policy Resolution as well as the Union budget, which will also decide the future status of the Oil & Natural Gas Commission.

As in other infrastructure industries, pricing will be a critical issue over which the petroleum ministry is debating. The Congress manifesto had promised to roll kerosene prices back to the level prevailing to June 1990, but finance minister Manmohan Singh is skeptical. Should the government take away the Gulf surcharge following depressed international prices to help industrial and agricultural costs? That will certainly mean demand growth returning to its former level of 8 per cent. This is clearly unacceptable especially since production from Bombay High is slipping. The budget is expected to announce this change.

Now, with production falling at the country's most prolific wells, demand management again occupies centre-stage. An integrated energy policy is crucial now — an idea which the government woke up to during the Gulf War. An inefficient power and transport sector reflects on demand for petroleum products which is expensive considering our dependence on imports. Until now, there has been little effort to evolve any such co-ordination.

For many years, a helpless government had watched the demand for petroleum products grow at an alarming 7 per cent each year overall (13 per cent for diesel and kerosene). The sizable Bombay High discovery in the mid-seventies had brought with it a careless acceleration of consumption. It was never seriously believed that climbing prices would discourage demand significantly. That perception has changed with the 25 per cent Gulf charge added to the price of petroleum products. Growth in demand has slowed to barely 1 per cent. That may not affect the bill for petroleum imports significantly, but it, nevertheless, is a heartening development for the nation's energy profile.

Main issue. The declining performance of Bombay High in the country will be at the top of the agenda that petroleum minister B. Shankaranand needs to decide on. He promised a quick decision on it last fortnight. The deadline set for ONGC's programme to restore the health of the Bombay High wells was 1 July — to decide from among a series of options that will mean different quantum of

production cut backs and different time frames. A decision on this issue is yet to be taken by the Cabinet committee on economic affairs.

In all likelihood, foreign help in terms of expertise and money will be necessary to implement the project, which necessitates international tendering. ONGC estimates its losses of crude during this period of restoration to touch 13.4 million tonnes (mt) while certain international companies expect it to reach 150 mt. Accordingly, ONGC has reduced its target for 1991-92 from 34.14 mt to 27.1 mt.

Some changes will necessarily be forthcoming within the exploration industry in the country. Since the sixties, two oil exploring companies, ONGC and Oil India Ltd, have held a monopoly over exploration. It is now time, perhaps, for the oil industry to follow steel and cement among infrastructure industries towards deregulation and competitiveness. ONGC itself is pushing towards greater autonomy, which it feels, will improve efficiency. With an average time of 11 months for project clearance by the government, exploration delays are enormous which the economy can not afford now.

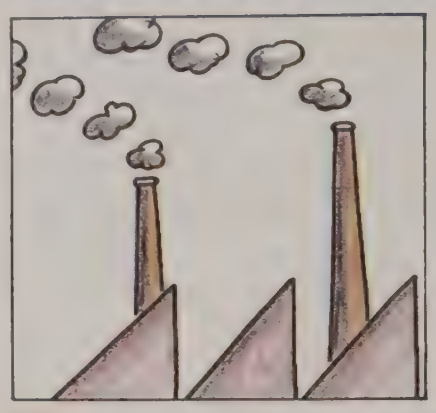
Wants a change. ONGC desires a change in status to a corporation; some disinvestment is being toyed with too. There is a likelihood that the commission may shed some of its functions to reduce size. ONGC will like nothing better than the freedom to raise its resources directly from the market in India and overseas. It is prepared to support the gas flaring programme (first proposed in 1984 that delayed over six years by the government) as well as a country-wide gas grid in collaboration with the private sector. Rather than the quantum of investment (in any case ONGC has its budget slashed by Rs.1,700 crore) in the petroleum sector, it's delays in decision making that the government must avoid.

Otherwise, 73 drilling and exploring blocks will be offered to international oil companies through international tendering on the fourth round of bids. As many as 58 of these blocks are offshore. The onshore blocks are likely to see Indian private companies enter drilling for the first time. Several onshore blocks are also expected to go to overseas oil companies.

Addition to refining capacity is another necessity. Decision on several expansion projects and the three greenfield refineries at Karnal, Mangalore and Assam is awaited. The private sector is keen to participate in two of them, Aditya Birla at Mangalore and Tata Chemicals at Karnal. For the moment, Indian Oil is likely to set up Karnal by itself. Resource constraint, the one problem that the rest of the economy is straddled with, the petroleum sector does not face. It has, within itself, some of the economy's largest profit makers.

■ ARIF SHARIF

TEXTILES



Privatisation is the new buzzword in many ministries in the capital but this is not true of the ministry of textiles. This does not mean that the ministry wishes to formulate its own policies which would run counter to that of all other ministries. Rather, privatisation in the context of textiles means, selling off the sick mills of the National Textile Corporation (NTC), for which there will be no buyers. Says minister of state for textiles (with independent charge), Ashok Gehlot, "What can I do, half the mills of the NTC have come from the private sector and some of them are just being run by the NTC. They have not been taken over. However, we have to take a decision sooner or later. In three months time we will do something."

Central to the question of privatisation — or possible closure of the loss-making NTC mills, will be the question of dealing with surplus labour. And even private sector millowners would confess this is not an easy issue to resolve. In the last few years many millowners have wanted to close down their mills only to be thwarted by the state governments whose concurrence is required for winding up.

But Gehlot is hopeful. Says he, "We are drawing up a scheme which takes the state governments into confidence. A trust will be set up to take care of the rehabilitation of labour displaced. An experiment is being started in Gujarat with the state government taking the lead." Perhaps with the announcement of the new industrial policy which is expected to clarify the government's stand on "exit" of industries, things would be easy for the new textiles minister, who is a former youth Congress leader from Rajasthan.

Recommendations. Privatisation apart, the ministry proposes to revise the textile policy in light of the recommendations of the Abid Hussain Committee which was set up to review the working of the textile policy of 1985. Says Gehlot, "The report was submitted early last year but it was gathering dust for so long. Now we want to act on it. Within three months we will introduce a revised policy." However, it seems that the new policy which is likely to be announced may not mean a drastic revision. For it is the opinion of the minister that, "The policy of 1985 was fine, only there have been problems in its implementation. The basic structure of the policy would remain the same."

One of the things that is high on the new minister's agenda is to include the order reserving items for the handloom sector in the ninth schedule of the Constitution. This would make it "non-justifiable" ie, the order cannot be questioned in a court of law. This move was actually initiated by the Janata Dal government when millowners all over the country had obtained a stay in the courts for the order. But nothing was implemented by the JD government.

Generally, the mood in the textile industry is upbeat, not because of the new trade policy but, because of the speculation that devaluation of the rupee will give a boost to textile exports. Says Gehlot, "We are trying to formulate a new thrust for exports. The new policy that will be announced will come in the way of exports. In view of the foreign exchange crunch I have made it known that all future contracts for exports should be made only in hard currencies."

Gehlot will also have to resolve the sensitive issue of cotton exports while insufficient stocks are available in the country. The new minister, dismisses the problem however, with a "political decisions created the problems," but in resolving the issue he is going to find the going tough as he will have to contend with a strong agriculture minister, Balram Jakhar, the representative of the farm lobby.

For all purposes, Gehlot is trying to refurbish the image of his ministry, till now perceived as being not so dynamic. That will be more in keeping with the projected image of the new government — one that works at breakneck speed.

■ KINGSHUK NAG

RAIL BUDGET

An opportunity lost

When your options are limited, you can only do the obvious. Railway minister C.K. Jaffer Sharief did just that last week when disclosing his estimates of railway revenue and expenditure for 1991-92. When his predecessor Janeshwar Mishra presented the interim budget in March, he had left a deficit of Rs.512 crore uncovered, with a statement that this would be "made up for" later — a euphemism for impending hikes in tariffs.

Jaffer Sharief has fulfilled that promise. By increasing freight and passenger rates, he has acquired an additional Rs.584 crore which adequately bridges the gap that Mishra had left uncovered. Otherwise the minister's proposals comprise cosmetic changes to the earlier truncated budget, and have little in terms of any serious change in policy. As one opposition MP said, "It is such a bland budget that we can neither praise it nor criticise it."



A goods train and (inset) *Jaffer Sharief: lack of direction*

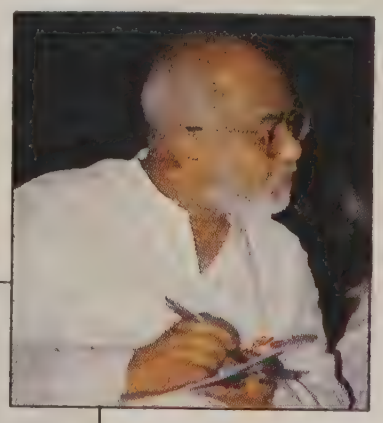
Obsolete locos

The Seventh Plan period (1985-90) created records in freight and passenger receipts but at the cost of flogging existing locos and coaches on existing tracks. In fact, the backlog of old coaches which needed to be phased out was so high that the entire Plan could effectively increase the number of coaches by just 167. And yet, more than 6,000 coaches, of a total of 28,000, still need to replaced. Similarly in locomotives, the railways is still short of 1,000 electric and diesel locos, which means that a 1,000 obsolete steam engines continue to be run at the cost of efficiency.

So Jaffer Sharief had his priorities laid out for him. What the railways needed was a massive dose of capacity generation through accelerated acquisition of rolling stock (locos, wagons and coaches), laying new lines and electrification of new routes. This would, of course, have entailed substantial investment, which could come only from the passenger sector (which is subsidised heavily, especially second class travel). The minister, however, has chosen the softer option of a mild hike in fares, combined with the bare minimal addition to rolling stock.

Railway Board officials point out that there was little else that the new government could do. Against the original Eighth Plan estimate of Rs.41,600 crore, the railways reduced its demand to Rs.36,500 crore, in view of the country's resource constraint. But the Planning Commission has said it will accede to only between Rs.28,000 and Rs.30,000 crore. Thus, for 1991-92, the railway plan outlay has been pegged at Rs.5,325 crore. In real terms, this would be about the same or even less than the previous year's outlay of Rs.5,000 crore. "There is only so much you can do with so little," says one railway official.

Jaffer Sharief has attracted criticism for having lost an opportunity to take a bold step in tune with the new economic dispensation of the Narasimha Rao government. Most of the railway's rolling stock comes from the public sector, and demands to allow the private sector to participate in this segment have been ignored. The minister's only announcement of privatising the catering services is viewed as a rather feeble attempt in the face of the opportunity lost.



This lack of direction in the railway budget proposals can prove more detrimental because it comes at a time of crucial importance to the nation's economy. With a serious balance of payments position hanging over the country, and, importantly, with the government's other ministries doing their best to encourage a speedy rate of economic growth, much will hinge on how well the railways can perform in transporting coal, steel, fertiliser, cement, petroleum products and other infrastructural items.

Threshold levels reached

In the Seventh Plan, rolling stock additions went up by just 1.1 per cent at a time when the average rate of economic growth was 5.4 per cent. In fact, the railways carried 5 per cent more freight during the period despite a depletion in wagon strength by 4.3 per cent. This was possible because of improvements in productivity — by reducing the time run and increasing traffic on lines. But the railway's Eighth Plan document itself concedes that the system's threshold levels have been reached and that the need of the hour was a massive increase in capacity generation.

With this background, the important question is whether the existing railway infrastructure can endure an economic growth rate of 5.5 per cent as targeted by the Planning Commission. In 1990-91, the railways carried 318 million tonnes (mt) of freight, and the target for this year is 335 mt, which Jaffer Sharief admits is a "stiff one". With a never-ending demand for more and more passenger services (where the railway makes no profit), the minister will have to play a difficult balancing act to see this difficult year through.

■ R.S. VENKATESH

INTEREST RATES

Turbulent times

With the entire economy in a state of flux, and greater liberalisation seemingly inevitable, higher interest rates too seem inescapable. Although there are different views on how long the financial crunch and the high interest rates will last, one thing seems clear — they will bring about structural changes in the financing patterns of companies.

The financial markets have been volatile for some time now. What, till late last year, was considered a very high rate, has now come to be accepted as 'normal'. The rates in the call-money market, for instance — the barometer of liquidity in the financial markets — have risen from an average 8 to 10 per cent last year to an average of 20 to 25 per cent now. In May, several banks raised lending rates using different benchmarks. ANZ Grindlays and Standard Chartered pegged their rates to the call-money market rate. Some nationalised banks — Bank of Baroda for one — linked it to the Reserve Bank of India's discretionary refinance rate. Other banks simply use their cost of funds as the yardstick for across-the-board or selective increases.

This means that bank finance previously available at around 17 per cent, now costs anywhere from 20 to 30 per cent. As if to recognise this rise, the RBI itself raised the minimum lending rates from 16.5 to 18.5 per cent on 3 July, as part of its tighter credit policy.

Shortage of funds

Financial institutions (FIs) that provide long-term finance to companies are also facing a shortage of funds. However, unlike banks which raise funds directly from savers at RBI fixed rates, FIs have no control over the cost of funds and as this cost keeps increasing, they cannot keep their lending rates low. Their plea for the floor rate to be raised from 14 per cent has been pending government clearance since January this year.

Finance companies, the next layer of the financial markets, have also been affected. As they depend on bank finance for their funds, their rates move with the bank lending rates. Lease rentals have moved up from Rs.22 per 1,000 to Rs.28 per 1,000 and bill rediscounting rates from 24 to 28 per cent. Consumer finance on the other hand, has taken the back seat. By raising the rates sky high banks and finance companies are, in effect, discouraging consumers from borrowing. The rates even touched 38 per cent at one point of time and have now stabilised at around 27 per cent. Rates of commercial paper and certificates of deposits have not remained far behind — both having gone up from the earlier 12 to 13 per cent to 16 to 17 per cent.

Observers, including some in the RBI, believe that these high rates are temporary and the rates will come back to earlier levels (pre-August 1990) as soon as the country's economy stabilises.

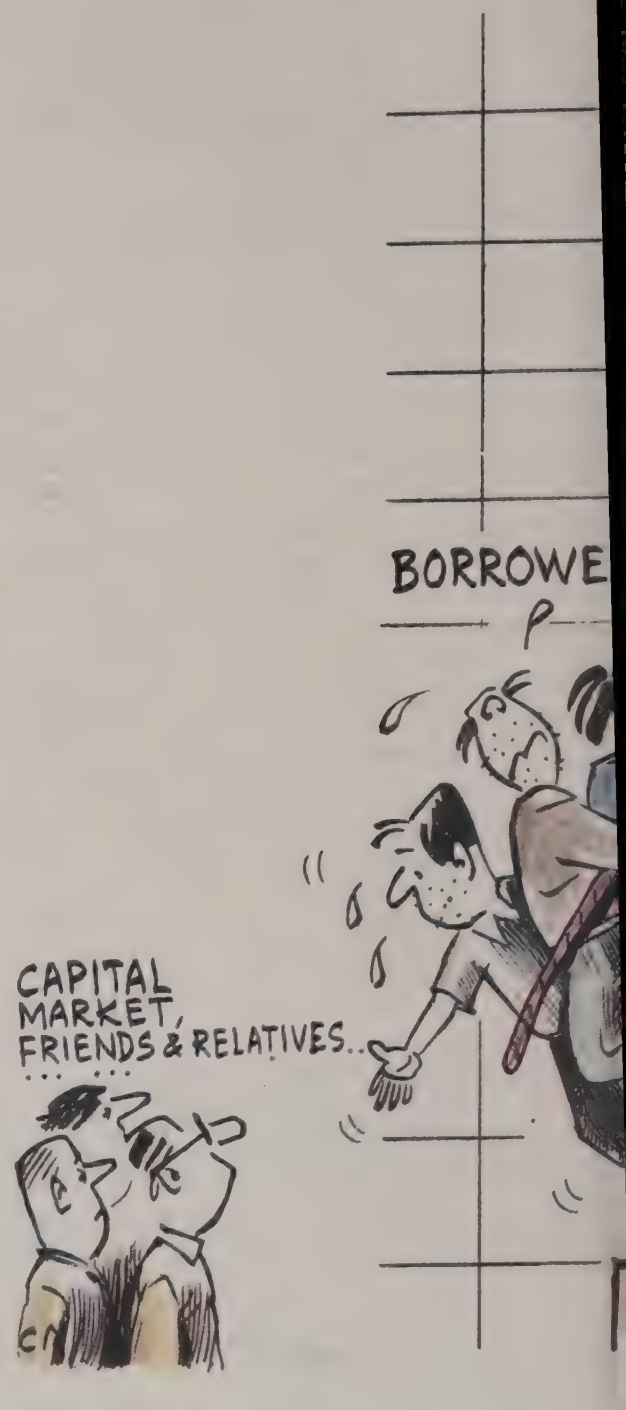
Says N. Vaghul, chairman and managing director, Industrial Credit and Investment Corporation of India (ICICI), "We can't afford such high rates." But what can be done about them? Banks can't do much because they are bound by RBI diktats, and FIs can't do much either because their cost of funds is market determined. Some banks and FIs which want to hold rates down are compelled to let go by others who don't. If they insist on not following the high rate trend, they have to borrow their funds at a higher rate from the markets.

As the rates zoom, the RBI sits back and smiles. "We have done our job." For decades, the RBI has followed a tight monetary policy to control inflation. High lending rates to discourage borrowings and high deposit rates to encourage savings. In other words, a fall in demand will lead to a fall in the inflation rate.

Harsh implications

In reality, the equation is not so simple. As a senior banker explains, "The rate increase may not translate into shut-downs as long as the costs can be passed on to the customer. And this becomes possible because in our economy demand surplus and monopolistic competition exists." The implication: higher prices.

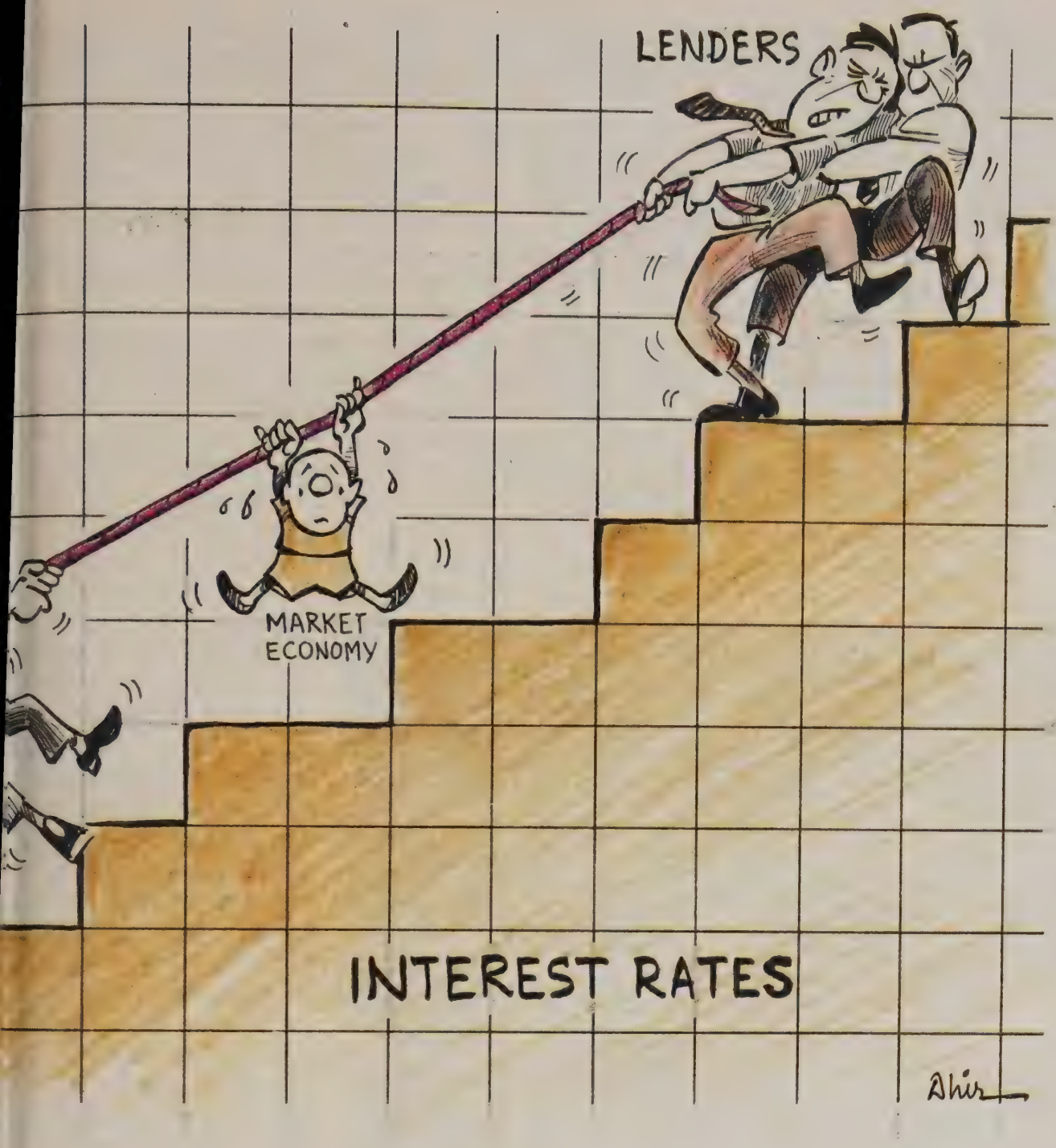
Such a policy can also spell a long stagnation period for the industry if it does not watch out. The corporate sector understands this threat too well. Funds managers in companies have already started looking at ways of raising money other than through the formal banking channel. Of course, efficiently managed companies and cash-rich companies are in a fairly comfortable position. As Anand



Raathi, senior president, Indian Rayon and Industries Ltd, says, "Our liquidity is good, so we haven't really had any problems." Anil Singhvi, senior finance manager, Gujarat Ambuja Cements Ltd, is also quite confident. "In fact, we are still cash flush." But these companies may be exceptions.

As the pool of lendable money shrinks and banks and other lenders — including the informal sector — become more choosy and stingy, it will be the smaller companies which will face the shortage of working capital funds. Gujarat Ambuja, for instance, has stopped lending to smaller companies because of the uncertainty of repayments.

Delaying payments and expediting receivables, often euphemistically termed 'improving funds flow' by the corporate funds managers, is just one way of getting short-term funds. The fallout of this, though, is positive. Most bankers agree that companies are looking inwards to improve their fund flow before looking



outwards for funds. Factoring, the new finance activity, for instance, is picking up suddenly. SBI Factoring and Commercial Services has already made business deals with six clients. The earlier scepticism of someone else collecting the bills has been given the go-by. Small-scale units, on the other hand, are looking to friends and relatives, to bridge the short-term gap.

Now that the prospect of interest rates returning to previous lower levels (pre-August 1990) hardly seems feasible, companies have started looking at long-term sources of finance too. Many of the blue chips, for instance, are considering accessing the capital markets. Says N. Sriram, general manager, SBI Mutual Fund, "There is a marginal shift as companies look towards non-convertible debentures for long-term working capital requirements and project finance." Agrees Anand Mahindra, vice-chairman, Mahindra Ugine Steel Company, "We are considering non convertible debentures with private placements as one of the sources of raising fresh funds."

Rights issues are another attractive avenue, although there haven't been many issues recently. Says A.S. Thiyagarajan, Citibank's head of investment banking, "Companies are waiting for the budget and other changes to be announced before deciding on the capital market way." Raathi of Indian Rayon feels that it would require a change in dividend-tax policy to make the capital market even more attractive. And, as an analyst points out, better capitalisation should do much good to our companies which are grossly undercapitalised, compared to the international markets.

Besides, the capital market option still offers funds at 14 per cent. Add the cost of an issue to this and the rate would be about 17 or 18 per cent, at least 2 per cent lower than the commercial lending rate. There are other advantages, such as no servicing liability from day one or increased debt raising capacity (as once the equity base goes up, the debt raising capacity too rises). Even if the debenture rates go up, companies will manage to raise money directly from the savers at a rate lower than bank finance, opine many.

In any case, the consensus is that companies — large, small, or medium — will have to be efficient to survive. If they can't, Rajendra Tamaskar, chief executive, Apple Industries' financial division, even foresees smaller companies possibly opting for amalgamations and tie-ups.

The efficiency rule applies to the financiers too. As the blue chip accounts threaten to move away from the banking sector, banks will have to reassess their position. "With growing financial disintermediation in the last few years, the role of banks in the lender-borrower relationship has reduced in importance. The present situation has only aggravated this. Banks will now have to turn to financial services rather than merely providing finances to companies," says K. Kannan, general manager, Bank of Baroda.

Need for realignment

Clearly, considerable realignment needs to take place on the interest rates front. Except for bank finance, other avenues have market-determined rates. Deposit rates also are still controlled, as are the lending rates applicable to the preferred sections (the priority sector) of the economy. So far as such preferential treatment is necessary, lending rates will never be completely freed.

Everyone seems to agree that high interest rates are here to stay. The fact that after almost a decade, the central bank has once again raised the bank rate from 10 to 11 per cent — the last time it was raised in 1981 from 9 to 10 per cent was also done in similar circumstances — bears testimony to this. Though the term deposit rates were also raised by 1 per cent simultaneously, compared to the inflation rate of 11.5 per cent and the high returns that banks get, the depositor still gets a raw deal.

Imbalances between the various interest rates in the market may also be expected. According to knowledgeable sources it will be at least six months to a year before interest rates stabilise in a way that even the depositors' interest is taken good care of. And as we move nearer a market economy, temporary imbalances will have to be tolerated and inefficiencies sacrificed, and all for a better tomorrow.

■ POONAM CHAWLA and SARAH ABRAHAM with ALPANA KILLAWALA

INFRASTRUCTURE INDUSTRIES

A worrying situation

Inadequate investment during the Seventh Plan period and long gestation, coupled with labour problems, have led to a Catch-22 situation

The times they may be a-changing. But around several ministries in New Delhi, among them power, coal, steel, transport and railways, the changes have left bureaucrats worried. Alterations to regulations governing Indian industry over the previous fortnight have been admittedly brave. But a rapidly expanding industry can be expected to strain the economy's fragile infrastructure further.

There is growing concern that the enterprise released by the liberalisation process will be nullified by unavailable inputs from power, steel, coal and the railways. The pressure is evident from the fact that the government has had to call weekly meetings at the cabinet secretariat, since a year now, of the secretaries of all infrastructure ministries. The object: to achieve better co-ordination. Dislocation in a single service travels like a wave across all industries.

Power shortages stall mining operations; lower coal output affects power generation in turn, as well as production at the steel plants; and insufficient rakes and railway wagons mean lower coal being transported to the consuming industries such as paper, rayon and fertiliser manufacturers. Infrastructure shortfall was placed at 7.8 per cent in fiscal 1990-91. And this, after the infrastructure sector grew at a reasonably healthy 6 per cent over the eighties and manufacturing industry at 8.7 per cent. "If industrial growth accelerates, we need to push additions to infrastructure capacity to at least 10 per cent," says an analyst



Unrealistic power tariffs prevent the sector from being self-sufficient

Caught unprepared

What makes the situation worse is that capacities cannot be added rapidly enough in these industries. As a member of the railway board in New Delhi said, "The gestation for the railways to improve freight capacity as also the speed of delivery is almost ten years. And nobody in the last decade visualised the rate at which demand would accelerate. We had no notice of the coming liberalisation."

Said a senior official of the government who attends the weekly cabinet secretariat meeting: "I shudder to think what will happen. Even now things are so bad. I will give you an example. Singareni Coalfields in Andhra Pradesh has a targeted production of 25 million tonnes per annum (tpa) but has managed only 17 in each of the last three years. As a result, all the southern power generating plants have been starved of coal resulting in serious losses in power generation. To correct this situation it was decided to send coal from the mines of the western coalfields. This, however, affected the power plants of the western region. Moreover, precious railway freight capacity was used to transport coal to the south. This meant that some other goods could not be transported. It is really a Catch-22 situation."

There is not much hope the situation can improve very soon, in fact, it might get worse. Across the industries of the core sector, most notably power generation, the mother of all the infrastructure industries there has been inadequate investment during the Seventh Plan. Similarly in railways and steel and to a lesser extent in coal and cement.

To cap it, is the problem of the long gestation associated with most of these industries. This implies that the economy already facing resource constraints, will increasingly be pressured to devote more to these industries as demand for their products accelerates. Add to this the staggering demand for grants from these sectors. Power generation alone will need Rs.115,000 crore to add 38,000 mw of generating capacity. This figure is based on estimates made prior to the recent devaluation of the rupee. (Devaluation that can now be expected to add up to 20 per cent to costs across all industries.)

So long as the infrastructure remains deficient, the railways, although officially only a transporter of goods will continue to be a 'marketer' of goods. Under a policy called 'route rationalisation' the railways decide which goods to carry and where. Cement manufacturers know this only too well. There is surplus cement capacity in south India but the railways are ruining their markets under the pretext of a shortage of railway wagons. They refuse to transport their cement to the north where there is excess demand. 'What can we do? We do not have wagons," says B.B. Srivastava, advisor (transportation) railway board. But all the same the fact that the railways are effective marketers and continue to do so is counter to the spirit of liberalisation and free market competition.

India has installed 61,000 mw of generating capacity over the 43 years since independence. In the next five years the country needs to add another two-thirds to this capacity. The railways demanded Rs.42,500 crore — a little over 13 per cent of the country's GDP each year — for their needs over the Eighth Plan, but were allowed only half that figure. The integrated steel plants of the Steel Authority of India Ltd need close to Rs.13,000 crore to modernise the plant, long reaching

bsolescence owing to neglect. Finally, oal production has wilted under the train of disruptive labour relations.

"The only way the government can come lose to fulfilling any of these targets is by withdrawing entirely from all other sectors and restricting itself to these five industries," says T.K. Bhaumik, assistant secretary general of the PHD Chamber of Commerce and Industry. As only one per cent of agriculture is within the private sector, according to Bhaumik, it makes the case for withdrawal from agriculture fairly strong. For the moment, though, this step may be difficult as government investment as well as its commitment to agriculture remains strong.

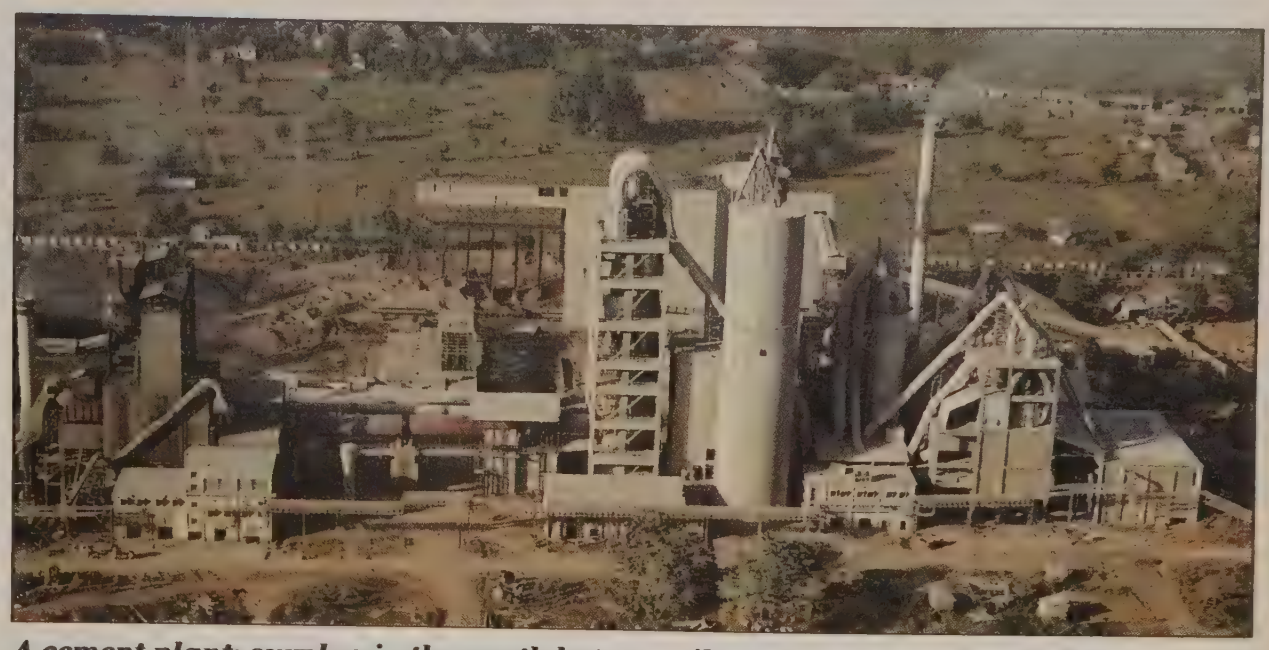
"Nevertheless," says V. Sriram, economic adviser to the Associated Chambers of Commerce and Industry, "there is a strong case for the government to restrict itself to infrastructure and withdraw entirely from other areas progressively, at least over a period of three years." Central to all these industries is the issue of pricing that will allow all these industries to earn adequate returns on capital invested — power, steel and the railways all suffer from poor administered pricing and low efficiencies. And it is these two areas of pricing and efficiency that ought to demand the government's earnest attention.

Electricity badly priced

Nowhere is the problem of pricing and efficiency better illustrated than in the condition of the state electricity boards (SEBs). Unremunerative pricing of electricity to the agriculture sector has severely affected the viability of the state electricity generating agencies. Power is supplied to agriculture at almost a fifth of the cost of generation and the corresponding subsidy always promised to the SEBs by the state government is never made up through the state budget.

Inadequate revenue of SEBs has meant that Rs.1,500 crore of coal bills to Coal India Ltd have not been honoured. Another Rs.400 crore is owed to the railways for coal movements. The foremost task, then, of the department of power is to insist that state governments compensate SEBs for the subsidy awarded to the agriculture sector.

In fact, with the existing unrealistic tariffs, the entire power sector is rendered unself-sustaining. "The problem is compounded with the increasing dependence of agriculture on power for irrigation. Agriculture used two to three per cent of power in 1965-66; this progressed to 15 per cent in 1989-90," says Bhaumik of PHDCCI. The situation is aggravated by the enormous leakages from the supplies to agriculture and from thefts during transmission. Transmission losses alone account for about 20 per cent of the power generated. Besides, the average plant load factor of the generating plants is barely 52 per cent. Improving PLF itself will add substantially to power generation.



A cement plant: surplus in the south but no railway wagons to transport it

Lower efficiency, to some extent, is contributed by the lower coal availability at some of the power plants. NTPC's Ramagundam plant is producing at half its installed capacity of 2100 mw. Other plants, Vijayawada in Andhra Pradesh and Kota in Rajasthan, too suffer from the same disability. All the power stations linked to the Singareni, Western and Central coalfields possess barely one or two day's stock of coal each.

Another crucial issue central to the performance of these infrastructure industries is the problem of labour. Practically the whole of the infrastructural sector is plagued by labour trouble — excessive manning, abysmally low productivity etc. All these factors will continue to act as a brake on the performance of the sector even if the government were to withdraw from it. Especially acute is the problem in the ports.

Ban strikes

All these constraints has caused many to recommend that the infrastructural sector should be declared an 'Essential services' sector where strikes, go-slows and the like are banned. But this measure will draw stiff opposition from trade unions.

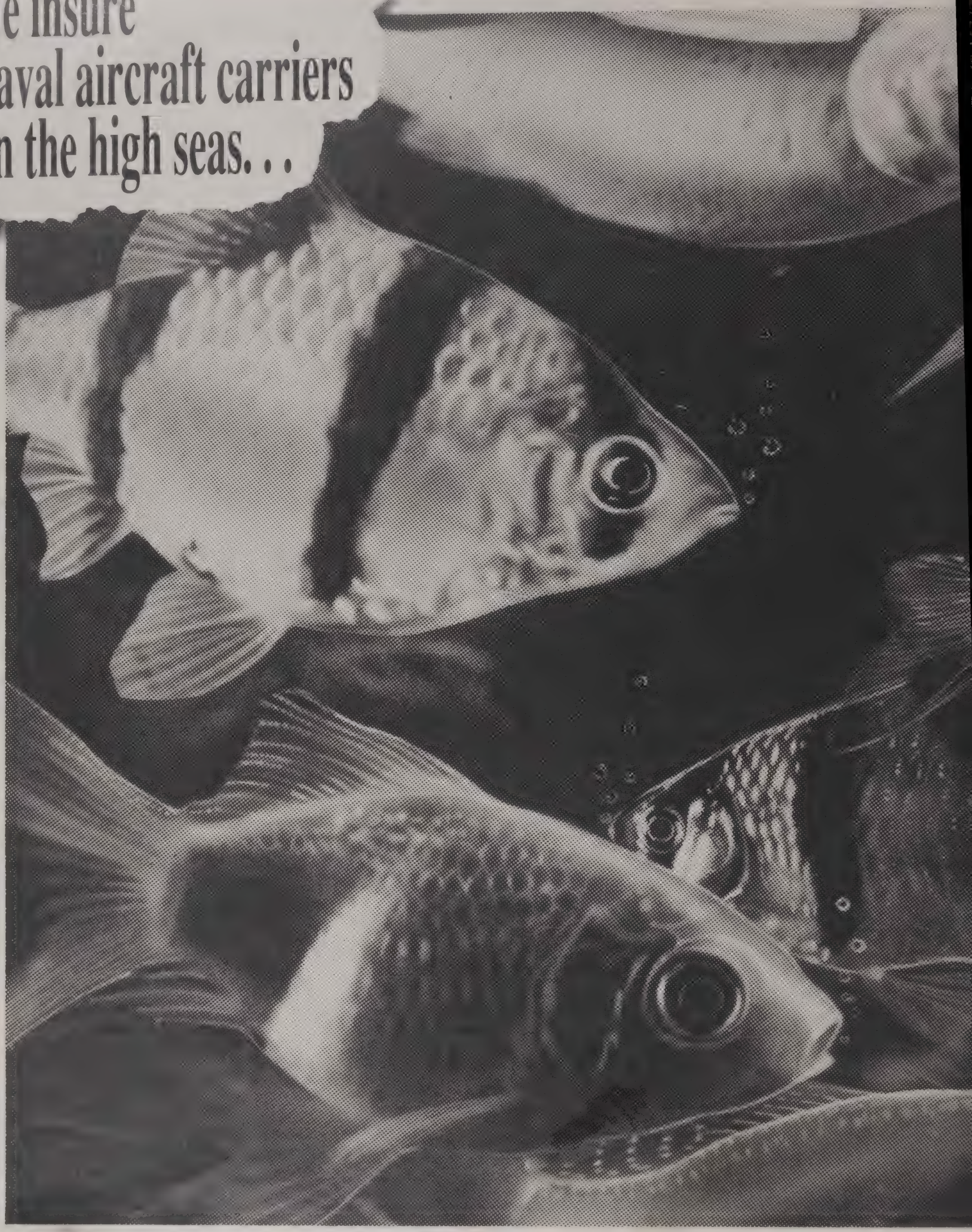
For the railways the nineties have begun rather badly, with their supply of freight capacity falling far short of the demand. Demand for coal movement alone is of the order of 34 mt of which the railways can supply only 30 mt. "All because of faulty planning," says a railway official.

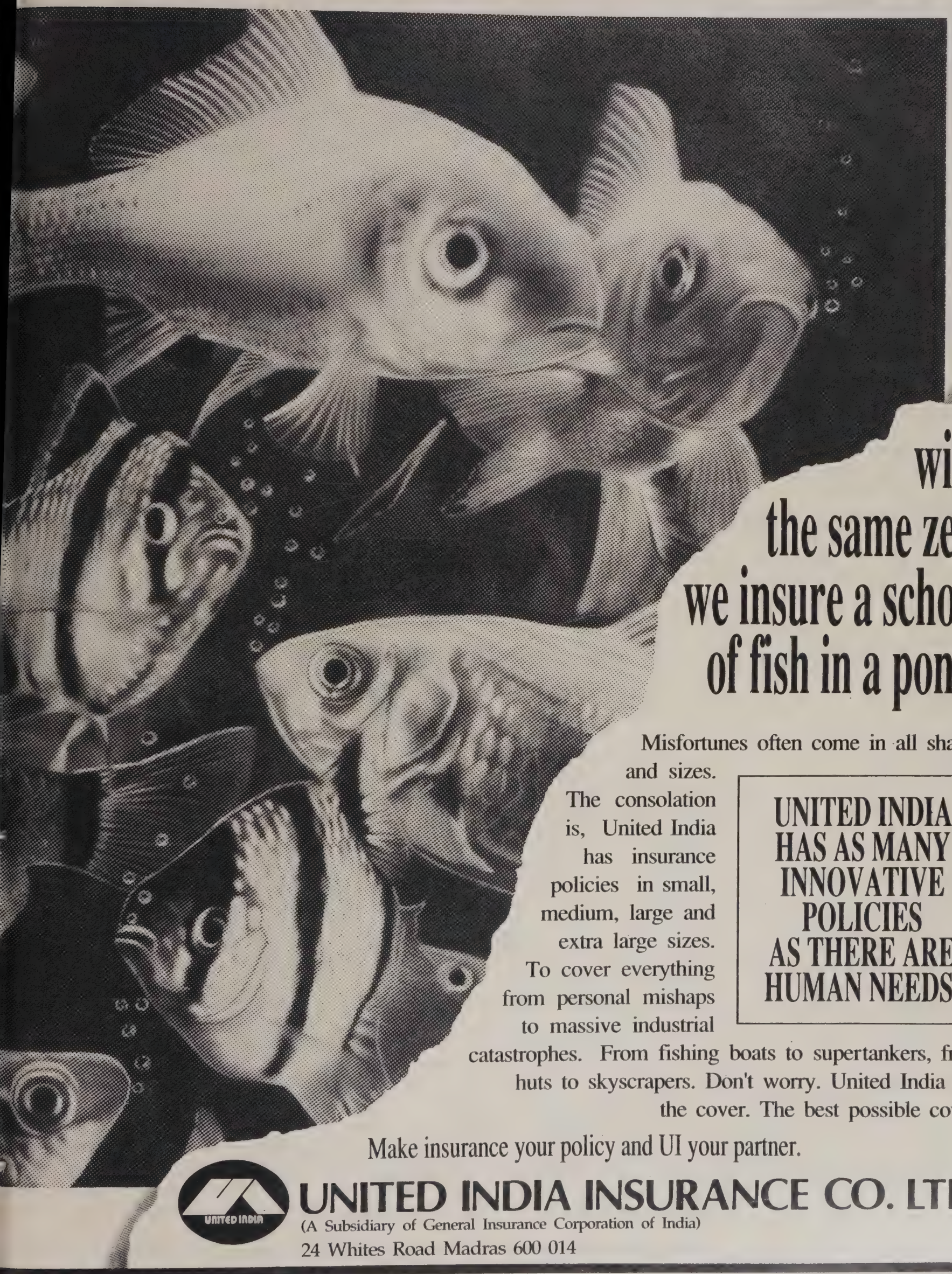
The situation that faces the railways has come about primarily due to shortages in the wheel and axle manufacturing capacity in the country. Most of the wheel and axle capacity is in the private sector and since, throughout the eighties, demand for this was less than capacity there was no incentive to the private sector to create additional capacity. During the Seventh Plan the net capacity increase by the railways was a mere 1.1 per cent each year, but accomplished a 5 per cent increase in output by replacing slower wagons by faster bigger ones. Consequently, now the railways have adequate capacity for bodies of wagons but insufficient capacity for wheels. A demand of the railways for importing wheels and axles has been turned down owing to foreign exchange constraints.

There are also constraints on the wagon and engine capacity in the government sector. Judging by the procurement over the first two years of the Eighth Plan it is unlikely that the targets for the next two years will be fulfilled. Some 150,000 wagons are to be procured over the period 1991-95 and, up to now only 45,000 have been procured; this leaves over 100,000 wagons to be procured over the next three years. "It is highly unlikely that this will happen," says a cynical railway official. A similar case obtains with diesel and electric locomotives. The railways need 220 electric and 200 diesel locomotives each year but have supplies of only 120 electric and 96 diesel locomotives. It is in bridging shortages of this nature, it seems, that the quantum of growth over the next few years will be defined.

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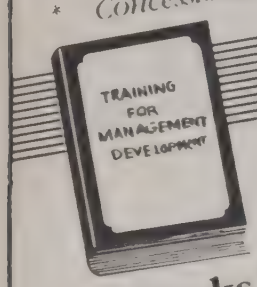
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DD news

Security for the director general of Doordarshan, Shiv Sharma has been beefed up since the terrorist attack on him last month. Sharma was attacked by unknown assailaints as he was leaving for office from his house in Kaka Nagar in Central Delhi. Since then, Sharma has been asked to keep an erratic schedule.

He attends office for only three hours a day, and the time is not fixed. His appointments too are fixed only at the last minute and people desiring to meet him are asked to come over at a moment's notice. This has naturally thrown Mandi House into chaos. More so, as hundreds of proposals for various programmes are pending clearance since the costing committee of Doordarshan has not met for over two months.

Speculation is also rife as to who will be the next boss of the idiot box as Sharma is to retire this month end. Shashikant Kapoor, currently additional director general, seems to be a leading contender.

Czar no more?



Sam Pitroda always manages to be in the news. The telecom czar these days is waiting for a chance to fit himself into the scheme of things. Pitroda, apparently, has again got into trouble with the new minister Rajesh Pilot, minister of state for communications.

At a recent meet, while Pilot informed the press about keeping his options open about bringing in foreign technology to save the sinking telecom sector in the country, Pitroda vehemently declared that multinationals are out and will remain so. In fact, Pilot has been trying hard to get rid of him.

Initially, Pitroda was directed to Santosh Mohan Deb, minister of state for steel. But Deb refused to entertain him. Then there were rumours that Pitroda might find a place in the Planning Commission. In fact, it seems as if this was almost finalised, when even Pranab Mukherjee refused to have anything to do with him. Why Pitroda is unacceptable to most politicians, however, remains a mystery. Especially since he is a political appointee, brought in by the late Rajiv Gandhi. At last count, even the PMO wa busy searching for a solution to the prob lem called Sam Pitroda.

Craving audience



Does the presence of a minority government at the Centre have any advantage? Most people would say unequivocally, no. But members of the Fourth Estate might think otherwise especially since a minority government has come to power.

Scribes are in great demand — something which leaves journalists themselves pleasantly surprised. Congress ministers who were inaccessible when they were in power last time, have suddenly become very warm and are busy holding lunches and dinners for presspersons.

Festering wounds

It's an old war. State civil services officers are still stiff about directly recruited IAS officers, as the latter, on account of their Central government connections, get all the plum postings in state government departments much to the dissatisfaction of the latter. This is something which even state level politicians have not liked.

The reasons are simple — being Central government employees, IAS officers are less amenable to discipline at the state level. Things may now be changing. Over the years, state governments have found a way to discourage IAS officers. Governments in many states have decided to hike the salary levels of state civil service officers so that they get a salary higher than that of the IAS cadre. IAS officers in many states like West Bengal, for instance, are quite unhappy. But there is very little that they can do.

AMANI GROUP

Gone with the wind

he last of the major Kamani enterprises, KMA Ltd, is out of the family's ontrol, but the legal battles among them continue. What for? Business India *inds out*

s a scenario for a great corporate tragdy, this may not win points for originality. It is likely to strike the discerning s hackneyed, director Shyam Benegal having already fleshed the theme in his moderately successful *Kalyug*. However, ike many weak scenarios, it is rescued by he terse but prominent note which says t is a true life story.

It concerns the Kamani group, though o refer to them as a group is a tragic misnomer. They have lost almost all their companies, either through closure or akeovers. If they had stayed as one, they would not find themselves at bay, their packs to a promising hinterland rendered allow by deadly family squabbles. Nothng but that has brought them to their current pass.

Amazing losses

When the MRTP Act was promulgated in 1969, the Kamanis were listed as one of the largest industrial groups in the country. Barely 21 years later, they are examining the prospects of life outside industry: an amazing saga of avoidable losses.

There have been losses as dramatic and tragic as the death of Poonamchand Kamani in 1972, clearly the turning point in their fortunes. The moment he collapsed, after naming brother R.R. Kamani his successor in the board room of Kamani Chambers, fissures appeared.

Till then the Kamani name had remained a phenomenon. The peak group turnover of Rs.75 to 80 crore in 1969-70 may not have been substantial but the areas of industrial activity they were associated with were important enough for the Shah of Iran to call on them when in Bombay.

That is how it was, in the days of founder Ramjibhai Kamani, an industry builder, philanthropist and visionary in the Gandhian mould and his eldest son and successor Poonamchand Ramji Kamani, an ambitious image builder, whose style saw him rechristened Public Relations Kamani. Between them they had managed to lend an aura to their name.

P.R. Kamani, of course, was easily accepted as the father figure and leader, largely because of his ability to delegate powers while retaining control through senior professionals appointed by him in various companies. All his five brothers were happy with the arrangement. But Rasik Kamani's accession in October 1972, though in keeping with tradition, led to instant resentment among the other brothers. Complaining against his style of functioning, they said, he wanted to centralise all power with himself sometimes overruling not only professional managers but also them. This was something the brothers were not used to.

Suddenly, a flourishing organisation turned cancerous, and the story of greed, intrigue and intense power struggles began. The first serious blow was the abortive attempt made by Rasik Kamani to sell off flagship Kamani Engineering Corporation to the Birlas in 1973. KEC had begun incurring serious losses particularly in its exports, even before Poonamchand's death. But the brothers opposed it and the deal fell through.

Immediately after this event, the family got polarised — one group led by Ramjibhai's third son, Hasmukh R. Kamani, and the other by a reluctant Rasik Kamani. Hasmukh had with him younger brothers Chandravadan and Navnit. Still young, Poonamchand's sons, Ashish and Deepak, aligned themselves with uncle Rasik to "get a slice of the cake".

Pointless arbitrations

The polarisation led to the beginning of a series of pointless arbitrations in 1973. Apart from lawyers, friends and financial experts, several eminent personalities, including Arvind Mafatlal, Viren J. Shah, Sathya Sai Baba, Chimanlal C. Shah, K.M. Diwanji and Indulal S. Shah, tried to intervene to settle their mushrooming differences.

The sequence of events between 1973 and 1975 are not very clear. Even today, the Kamanis are unwilling to disclose what happened behind those closed doors at Kamani Chambers and Kamani House, the family residence. But by 1975, the rifts had widened and the rivalry had



The Kamanis in the heady pre-1970 days

acquired self-destructive proportions. Each one wanted a larger share of the companies and each was willing to fight for it.

Says Jaffar Imam, a long-time friend of the family and public relations manager of the group for 15 years, "After Poonamchandji's death, there was no feeling of give and take in the family; everybody wanted something, without giving anything." One senior executive who was also very close to the founder and was considered part of the family says, in disgust, "All of them were playing games; the financial consultants, the legal advisors, family friends, the whole lot of them; it was a very disheartening experience."

In June 1975, at the instance of godman Sathya Sai Baba, by whom they swear fervently, the Kamanis agreed to a temporary division of companies. Rasik got Indian Rubber Regenerating Company and Kamani Metallic Oxides, Ashish got KMA's Bangalore unit and X-Ray Engineering and the rest went to the Hasmukh group. In that group, Navin managed Kamani Tubes Ltd, Navnit and Hasmukh managed Kamani Engineering Corporation and Chandravadan was entrusted with Kamani Metals and Alloys' Bombay unit.

None of the brothers was content with his share and the "so called family arrangement" broke down within four months. They all wanted to take the battle to its 'logical' conclusion. "Money they all had, it was a struggle for power," says Jaffar Imam. The 'personality clashes', as Ashish Kamani calls them, had completely diverted their attention and the "companies were going to the dogs". So immersed they were in the internecine war that they could hardly react before the financial institutions moved in to take control of KEC in September, 1975. Their united but clumsy effort to restore the company to the Kamani fold was unsuccessful.

That was in 1976, the year in which Hasmukh Kamani, the most brilliant of the surviving brothers, left the country with his family, never to return. He is said to be living in the US, though it cannot be confirmed. In a fit of rage, Rasik Kamani wrote to, of all people, the Kamani Employees Union, already a powerful body which later played a major role in shaping the future of Kamanis, that Hasmukh had misappropriated Rs.2.5 crore of the group's foreign assets. While the results of an investigation by Enforcement Directorate are not known, an Indian court is said to have declared him an absconder.

The magic fades

In the absence of Hasmukh, Navnit took charge of the former's group. But by then there was no group. Navin had taken independent charge of KTL, Chandravadan had taken over X-Ray Engineering, and

Committed to reviving KMA

Ashish Poonamchand Kamani *is the only member of the family to still own a Kamani company in its corporate premises at Kurla, Bombay, but he is not running it. His unit, KMA Ltd, has closed down and its future will be decided by the Bureau for Industrial and Financial Reconstruction (BIFR).*

He plans to get the company back and is working on a rehabilitation plan. But he is reticent about it, for he is unsure if his warring uncles, brothers and cousins and the trade unions will let him run the company peacefully even after that. Even though members of this once illustrious family say they are willing to thrash out a compromise after 18 years of quarrel, Ashish Kamani prefers to wait and watch. Excerpts from an interview with Business India:

What led to the closure of KMA's operations?
The Bombay unit is locked out since 3 April and the lockout continues. The Bangalore unit is operating. Some reports had said that this unit was also locked out.

Were you not aware of the impending situation?
No, I was not. We were hoping that a solution to the issue would emerge in the meeting with the Regional Labour Commissioner. There were several meetings and both the labour leaders and the bankers had promised full co-operation. And since the banks had already approved our loans in principle, it was only a question of their releasing it.

But a company goes to BIFR only after some years of loss making. Why did you not take the banks and trade unions into confidence earlier?
The year 1989-90 was a loss year. Both the banks and the union were aware that we were working under great production strain with our capacity utilisation at only 25 per cent. Both were also aware of our high overheads. Personnel cost itself comes to Rs.35 lakh. Other standing costs come to Rs.30 lakh. That means we are talking of a monthly loss of Rs.25-30 lakh. We were trying to find a quick revival package. If we had the finance we could have broken even.

What are the accumulated losses of KMA?
The estimated losses as we have given to the banks is Rs.7 crore.

You are alleged to have siphoned



Poonamchand Kamani (left) with the Shah of Iran, circa 1969

off funds from the company. What do you say?
It has been part of the union's strategy to keep making various allegations. The first of them was voiced in August, 1990, when they alleged that the Rs.250 lakh non-convertible debenture money is not accounted for. This was sorted out before the labour commissioner and the bankers. The union gave an undertaking before the minister that any press statement made will be by mutual consent. However,the union continues to make allegations.

The company is now with the BIFR. Are you confident of getting it back?
We are confident of getting the company back on the rails, as soon as possible.

Have you submitted a revival plan?
We are expected to submit a revival plan to BIFR. This is under preparation.

Can you give a brief outline of the revival plan?
No, not yet. It is being worked out.

Are you willing to put in your own funds, if need be, to revive the company?
As soon as the package is ready, the quantum of funds required will be considered.

You are willing to put in your own funds...
I am committed to reviving the company.

Whatever the cost?
Yes.



All your group companies seem to have either closed down or been sold. Why?
Basically personality clashes. I can't think of any other reason.

But what exactly contributed to the closing down of so many companies?
Same thing...

Ashish Kamani was "appointed" managing director of KMA. And Rasik Kamani made another abortive bid to sell off Kamani stake in KEC to Birla group's Texmaco. The takeover of Jaipur Metals and Electricals by the Rajasthan government brought the curtains down on the eventful 1976.

Navnit also had to watch KEC slipping out of his hands. He learnt that the Kamani name no more held any magic. KEC was sold to the RPG group in 1982, completely severing this Sai Baba-fearing Kamani's links with group companies. Meanwhile, other strange things were happening in other group companies. One by one they too were moving towards closure or takeover. In 1979, Kamani Brothers, the most important export house in the late sixties and early seventies, now managed by Ashish Kamani, closed down amidst serious allegations of siphoning off of funds. Lack of a united export effort in the group also affected it badly. It is currently under liquidation. In 1981, both the companies, IRRCO and KMO, being managed by Rasik Kamani, also closed down.

It seemed logical that the remaining units also follow the trend set by these

Kamani group: a picture of decline

Company	Products	What happened/Present status	Year of Closure/ takeover	Kamani heading Company at the time
Kamani Engineering Corporation (Now KEC International Ltd) — 1945	Transmission towers	Flagship. Began incurring losses in 1970. Taken over by FIs in 1975. With RPG group since 1982. Doing well	1975	Navnit
Jaipur Metals & Electricals Ltd — 1943	Electricals meters, power cables	Taken over by Rajasthan government and workers. Doing well, though some trouble recently *(BI, 8-21 July 1991)*	1976	Hasmukh
Kamani Tubes Ltd — 1960	Non-ferrous metal tubes for engines & refrigeration	Taken over by workers co-operative. Good demand for its products. Has begun making profits	1988	Navin
Indian Rubber Regenerating Company Ltd — 1962-63	Reclaimed rubber for tyre industry	Made lot of profit for Kamanis before its operations were 'Temporarily Suspended'	1981	Rasik
Kamani Metallic Oxides Ltd— 1955-56	Zinc oxide for paints and pharmaceuticals industry	A profitable company once. Closed down mysteriously	1981	Rasik
X-Ray Engineering Ltd — 1960	Specialist in non-destructive testing methods. Pioneered the method for shipping and petroleum industries	—	—	Chandravadan
Kamani Metals & Alloys Ltd (Now KMA Ltd) — 1944	Brass, copper, copper alloys and steel strips	The longest surviving Kamani company now with BIFR	1991	Ashish
Kamani Brothers Pvt Ltd — 1944	Holding company of the group once largest government recognised export house	Under liquidation	1979	Ashish

How it all happened

October 1975: Ashish Kamani appointed managing director of Kamani Metals and Alloys Ltd under the "so called" family arrangement. Uncle Rasik Kamani continues as chairman. Losses of the company estimated at Rs.50 lakh.
1976-77: Losses wiped out. Ashish alleges interference by uncles.
May 1977: Rasik Kamani removed as chairman.
1978: Ashish sets into motion a massive public relations and image building programme.
June 1979: Arbitration agreement with Viren J. Shah signed along with other group companies.
September 1979: Viren Shah announces 14 interim awards. They are challenged by Rasik Kamani.
1980: The first phase of modernisation programme completed. A new continuous casting plant is acquired.
June 1982: "Minor" family shareholders bring injunction on a public issue announced by Ashish. The issue was abandoned.
1983: Company's name changed to KMA Ltd to dissociate from the Kamani family. It wins major defence contracts. Retired judge A.C. Gupta appointed mediator to resolve family disputes by Supreme Court.
1984: The board of directors is restructured to bring in more pro-Ashish men. But legal impediments to raising more resources continue.
1985: Implementation of the second phase of modernisation programme begins. Plans include introducing high value alloys and acquisition of new rolling mills.
1987: Metal prices double to Rs.90,000 per tonne. Mounting industrial overheads prompts management to introduce a voluntary retirement scheme. Several workers leave.
1988: Workers movement gains momentum in KMA. Kamani workers co-operative takes over sister concern Kamani Tubes. Banks requested to revise company's working capital requirements.
November 1989: Rs.2.5 crore raised through an issue of non-convertible debentures.
May 1990: Money raised through a rights issue. But other shareholders in the family bring injunction. KMA requests Bombay high court permission to dispose of its shareholding in KEC.
June 1990: Banks approve higher credit facilities.
August 1990: Workers, led by D. Thankappan, accuse Ashish of misappropriating money raised through non-convertible debentures; demand joint management.
September 1990: Series of meetings with Regional Labour Commissioner and the Maharashtra labour minister held to discuss long-term viability package. Workers as well as bankers assure all assistance.
December 1990: The board of directors is restructured. Well known merchant banker and long time friend Bhupen Dalal takes over a chairman. Ashish continues as managing director. Half-yearly results show that the company has accumulated losses of Rs.1.23 crore.
June 1991: BIFR declares KMA Ltd sick and says the management has understated losses. The losses are estimated at Rs.7 crore.
July 1991: Ashish says he is working on a rehabilitation plan for KMA.

companies. Navin Kamani, who was never too interested in running a company, was the first casualty. He had to give up control of KTL after its Kurla unit in north Bombay closed down in 1984. The battle for this company was probably the most unique. Arraigned against the family members, each of whom suddenly wanted the company for himself, was the powerful Kamani Employees Union led by D. Thankappan.

The four-year-long battle, probably the most widely written about BIFR case ever, brought into open, once again, all the torrid details of hatred, treachery and greed of the Kamanis. It saw the emergence of Ashish Kamani, the only Kamani still running a company, and Sangita Kamani, wife of Chandravadan and niece of one of the London-based Hindujas, as the only noteworthy forces in the family. But, in a landmark judgement, the Supreme Court handed over the company to the workers and the Kamanis retreated to their quieter lives in Bombay.

Ashish Kamani remains the only Kamani with industrial ambitions, his company, KMA's uncertain future notwithstanding. He has also been accused of more or less the same things his uncles were. As recently as in June, this year, Ashish and friend and company chairman Bhupen Dalal were accused of having understated losses. Therefore, Ashish will first have to convince the BIFR of his intentions. He just might be able to do that, what with his assiduously built up image of being a genuine industrialist. Taking a leaf out of father P.R. Kamani's book, he launched a carefully orchestrated personal image building campaign in the late 70s. The effort may pay off when BIFR takes up KMA's case for hearing.

Eager for peace

Most of the other members of the family have lost interest in industry. They also seem tired of the never-ending legal battles and are eager to settle their differences. Navnit and Rasik have even expressed their willingness to thrash out a solution across the table. What are they going to talk about: the companies they so foolishly let go or the future of their families. Ashish Kamani feels the empire can be rebuilt. He is carefully nurturing the third generation Kamanis, his cousins, though none of his uncles are on talking terms with him.

Today, apart from the innumerabl court cases they have got involved in ove the years, neither Rasik, Navin or Navni are known to have any other occupation At the instance of his wife Sangita, know to be an ambitious lady, Chandravadan i trying to keep X-Ray Engineering, thoug its turnover is said to be negligible. Poor amchand's younger son, Deepak, an elec tronics engineer, after being thrown ou of KMA's management by brother Ashish is "keeping afloat" by becoming a profes sional. Right now, a family friend says, h is helping out a friend in his export busi ness. But surprisingly, even without an industry, all of them seem to be wealth enough to sustain such expensive lega battles, the sheer number of which make it impossible for the Kamanis to seek an easy resolution, even if they are in com plete agreement with one another.

The story of the Kamanis has no ended, though Ramjibhai's dream ha Dear industrialist, even if you are not Ramjibhai, there must be the profit mo tive, if nothing else. But how does one te you, an industrialist in whom rest s many responsibilities, not to kill th goose that lays golden eggs.

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MAHINDRA SINTERED PRODUCTS

Innovating for success

A pioneer in the field, the company has popularised the concept of powder metallurgy. The recent boom in the auto industry has benefited it immensely and made it financially sound

It's a company with a difference. While other engineering companies make components by machining, it makes them from powdered metal. And it was among the first to bring powder metallurgy technology to India. Today, Mahindra Sintered Products Ltd (MSP) is the largest and one of the few companies which have this technology in the organised sector and doing well. At Rs.30.1 crore, sales are up by 19 per cent from 1989-90 as against a net profit rise by 24 per cent to Rs.3.15 crore.

Powder metallurgy is a specialised technology in which the metal powder, either in its pure form or mixed with another metal powder, is pressed in a die at a pressure of 6,000 to 7,000 atmospheres. The compacted metal powder is then passed through a furnace at temperatures which are about two-thirds of the melting point of the metal. In this process known as sintering, the metal particles fuse together to form a strong homogenous component having the desired shape and strength.

Most profitable venture

MSP is a joint venture between the Mahindras and GKN Powder Met Ltd of the UK, a world leader in production of sintered parts with plants in the UK, Italy, and Mexico. The collaborator which supplied most of the initial technology holds 49 per cent of the company's Rs.2.26 crore equity, the rest being with the Mahindras. Now, 30 years after incorporation, MSP is one of the most profitable companies in the Mahindra & Mahindra stable. And despite being a subsidiary, it is almost entirely run independently.

The management team is led by long-time executive director Brij Kataria. A metallurgical engineer from Indian Institute of Technology, Kharagpur, 51-year-old Kataria is one of the most experienced professionals in the field of sintered technology in the country, having worked with the company since 1963. MSP's success in new product development and profitability, according to insiders, is almost entirely due to Kataria's foresight and vision.

Initially, MSP was dependent on imports for its tools, dies and its main raw material — metal powder — as well. But Kataria realised that the company can survive only through self-reliance. So, in 1965, he set up a toolroom which has since been upgraded on a continuous basis. Today, it boasts of the latest machines, fully backed by CAD/CAM design facilities. "We now make precision parts with tolerances as close as 0.006 mm," says Kataria.



Kataria: experienced professional with foresight and vision

In 1967, the company started making copper and tin powders. It introduced electrolytic iron powder in 1973, largely through indigenously developed technology. Ten years later, MSP brought in the latest technique of powder-making — water atomisation — which involves melting and refining of steel scrap in a furnace, before blasting it with a jet of high pressure water to get very tiny droplets of metal which form the powder. MSP is the only powder metallurgy set-up in India which makes its own powders. It has a separate factory at Ahmednagar, where it now manufactures powders of iron, copper, tin and lead.

Modern powder metallurgy was invented in the early thirties to tackle the problem of forming high melting metals, like tungsten. During World War II, the Germans discovered that controlled powder metallurgy could be used to make metal of desired porosity. They impregnated porous iron bushes with oil to invent self-lubricating bearings. Powder metallurgy even today is the only method to manufacture such bearings. MSP makes over 4,000 different sizes of bearings, to be used in fans, automobiles, etc.

A versatile process

Microporous filters, made from bronze powder, is another speciality product made by MSP. Fine metallic filters with pore sizes of a thousandth of a millimetre are manufactured by the sintering process. They are used in chemical, cement, plastic, machine tools and instrumentation industries. MSP makes a large number of cupronickel flame arrestors used in oxy-acytelene cylinders which are porous plugs allowing flow of gas in one direction, but preventing the flame flow in the reverse direction.

The process of powder metallurgy is very versatile and lends itself to easy mixing of not only different metals, but also of metals and non-metals. As such, MSP mixes iron powders with graphite to make electrical contact bushes for dynamos, electric motors, etc.

Besides all these specialised applications, the sintering process is also ideally suited for making any component which is subjected to low or medium stresses. "The awareness of powder metallurgy amongst

Indian engineering designers has been quite low," says D.S. Mrig, general manager (design & development). "Otherwise, several parts used in automobiles, two wheelers and machines can be made by this process."

MSP's R&D engineers have developed high-precision timing pulleys for the Maruti 800 and the Tatamobile, sprockets for Contessa, oil pump gears, bearing caps for several automobile engines, besides many intricate parts for two-wheelers. Of late, it has also developed parts of Maruti 1000 and is likely to develop parts for Maruti's brand new YE2 export model which is being designed by Suzuki in Japan for export to Post-1992 Europe.



The MSP plant: pioneering powder metallurgy to lead the field

Efficient process

Powder metallurgy is very efficient and gives a very high yield of 95 per cent, whereas in other forming processes like machining, forging, casting, etc., the yield varies between 40 per cent and 60 per cent. "Environmentally speaking, it is one of the cleanest processes," says A.L. Deuskar, general manager (sales). "The emissions are very low in a sintering furnace, and the scrap generated is negligible. In fact, metal scrap gets recycled as metal powder." Especially in case of intricate shapes, this process generates a lot of saving in energy, time, machines and manpower. It is a huge cost saver and where the volume of production is large, like in the automobile industry, designers are increasingly switching over from conventional manufacturing to powder metallurgy.

The company has been riding piggy back on the boom in the automobile industry during recent years. All major automobile manufacturers are now its customers — Maruti, Bajaj Auto, Telco, Kinetic Engg, Bajaj Tempo and Mahindra & Mahindra. Says R.A. Jain, general manager (purchase) of Bajaj Auto, one of MSP's largest customers, "Mahindra Sintered is our oldest supplier of sintered parts. We buy more than 50 per cent of our requirement from them. Price-wise and quality-wise, we are quite happy with their products, and we have excellent relations with them".

Some executives of Telco, another large customer of MSP, laud MSP for giving excellent service and willing to take up developmental work. "They are ready to develop new components and price-wise also they are the most competitive," says a Telco executive.

Due to the exponential growth in the automobile industry as well as a desire to lower costs, automobile manufacturers have increasingly turned to powder metallurgy as a cost effective solution. MSP, the major beneficiary of this trend, has therefore been able to triple its turnover in the last five years from Rs.10.88 crore in 1986-87 to Rs.30.11 crore in 1990-91. Profits have seen a commensurate rise from Rs.54 lakh in 1986-87 to Rs.3.15 crore in 1990-91. It took MSP 27 years to cross the Rs.10 crore mark because the awareness of powder metallurgy was lacking until recently in the engineering industry, and MSP was pioneering a new technique.

International standards

Today, however, MSP has come a long way. It makes over a thousand types of engineering components, of varying sizes. The largest component that it has made weighs 1.5 kg, which compares well with international standards. It has a large number of presses with capacities ranging from 3 tonnes to 500 tonnes.

Financially, the company seems to be on a sound footing with a healthy reserves position of Rs.10.19 crore — over 4 times the equity. Says Arun Nanda, company secretary at the parent Mahindra & Mahindra, "With a consistent return of an investment of around 10-15 per cent every year, it is one of the most profitable companies amongst our subsidiaries and associate companies".

MSP makes about 2,000 tonnes per annum of sintered parts — anywhere between 200 to 2,000 parts per hour (depending on the size), in some of its latest automated lines. Says Kataria, "We hope to double our output to 4,000 tonnes in the next four or five years, assuming that the Indian industry grows at a reasonably healthy rate".

Exports is an area which MSP has been concentrating on of late. In 1990-91, its exports amounted to Rs.1.57 crore, which, during the current year, is expected to go up to Rs.2.5 crore. "Most of our exports are to advanced countries like England, Germany, Italy, Australia. We also export to countries like Yugoslavia, the Far East and the Middle East," says Kataria. The company's target is to export 15 per cent of its turnover within the next two years.

Today, in the domestic market, MSP is a leader in powder metallurgy, though it has competition in the organised sector, from companies like, Sundaram Fasteners, Stovec Engg, Flexicon, and Andhra Sintered. Sundaram Fasteners, which has a powder metallurgy division, second largest after MSP, has a turnover of about Rs.10 crore. "Since we entered the market in 1983," says V. Srinivasan, senior marketing manager, Sundaram Fasteners, "it has expanded three times in real terms, which is far more than the sectorial growth of industry. This is because of expansion of the application of powder metallurgy. MSP has taken our entry into the industry in the right spirit. Our entry has given a positive impetus to the market".

MSP being a pioneer in its field, is also the founder member of the Powder Metallurgy Association of India, as well as a member of Metal Powders Industries Federation, USA, and Institute of Metals, UK. "In the future, we are committed to improving our capabilities, and to excel not only in India but abroad also," declares Kataria.

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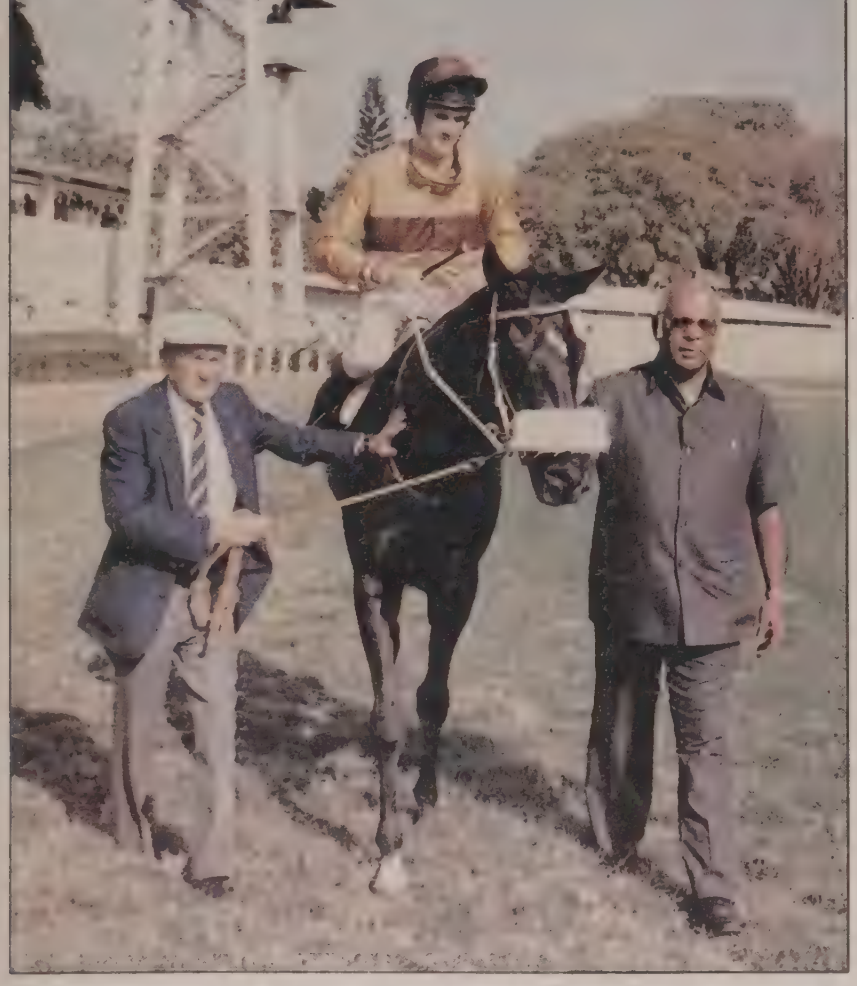
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M.A.M. RAMASWAMY

Reluctant industrialist

With the kind of resources at his disposal, this southern gentleman could have taken his group to the top of the corporate sweepstakes, but he chooses otherwise.

Racing horses and cement companies don't exactly go together, or so M.A.M. Ramaswamy, south India's most successful race horse owner and breeder, has found out. Though he has made into the Guinness Book of World Records for winning 150 classics, he has had nowhere near that success in the industrial sweepstakes. And Ramaswamy is quite forthright about the reasons; "Industry is only one of my interests," he says. "Sports is the major passion."



Ramaswamy* (right) *leads in one of his winning horses

In the current year, however, the changing fortunes of the cement industry has given Ramaswamy some reason to be happy about his industrial inheritance. Rising cement prices has ensured that Chettinad Cement Corporation Ltd (CCCL), his flag ship company, has turned its Rs.13.5 crore loss last year to a profit of Rs.6.5 crore, on a turnover of Rs.87.47 crore for the year ended March 1991. This improved performance has given a sudden respectability to the Chetinad group's entire bottomline. The group — which includes trading companies, fabrication units and even a stud farm — has recorded a total turnover of Rs.142.54 crore and a net profit of Rs.8.4 crore, with CCCL contributing the bulk of it.

Very successful cousin

The Chettinad group's lacklusture performance before this becomes even more conspicuous when compared with that of Ramaswamy's cousin's — A.C. Muthiah and his SPIC empire clocked in a turnover well in excess of Rs.1,000 crore last year. Ramaswamy and Muthiah are the grandsons of the legendary Sir Rajah Annamalai Chettiar of Chettinad. Sir Annamalai had parlayed the money his ancestors made out of lending activity in Burma, Malaysia and Sri Lanka in the 19th century into one of the largest business fortunes in south India. He established numerous trading companies, banks like Bank of Chettinad and Indian Bank, and also built up sizeable holdings in companies like Madura Coats and Consolidated Coffee. In 1955, the business empire was partitioned among his three sons: Rajah Sir Muthiah Chettiar (Ramaswamy's father), M.A. Chidambaram (Muthiah's father) and M.A. Ramanathan Chettiar.

The major companies which came to the Rajah's share were the South Ind Corporation Ltd, Madura South Ind Corporation Pvt Ltd, South India Corpo ration (Madras) Pvt Ltd (voluntarily li uidated in 1966), Lotus Agency Pvt Lt (sold), and the Chettinad Corporatio Pvt Ltd. CCCL and South India structura Corporation Ltd were added later, i 1962 and 1966, respectively.

Those in the know say that eve Ramaswamy's father did not make a seri ous attempt at creating an industrial em pire. Says an industry observer, "While the M.A. Chidambaram branch of the family felt it had to prove its mettle, and went about setting up new industries, the Rajah's branch of the family felt they had it made. They did not feel the need to consolidate and expand." As Ramaswamy now says, "As far as industry is concerned, my prime goal is to safeguard my inheritance."

Ramaswamy makes no bones about his role as a reluctant industrialist. CCCL is really run by L. Sabaretnam, kingpin in Ramaswamy's business enterprise. Sabaretnam goes by the designation of executive director, while Ramaswamy himself is managing director.

Established tradition

Sabaretnam's family has been associated with the Rajah's family for four generations. "The system of managing the business centres around dependence on trusted retainers," explains Sabaretnam. This is a throwback to the tradition established by Sir Annamalai, who depended greatly on his agents in various locations in Indo-China, Burma, Malaya and Ceylon (*see box*), to deliver the goods.

However, since the family holding in each company is substantial, Ramaswamy exerts overall control through his presence on the board. CCCL is a case in point. In this company, the promoters hold 39 per cent of the equity, banks and financial institutions take 36 per cent, the remaining being held by the public. The other companies are all very closely held.

CCCL was the group's first foray into manufacturing, since earlier ventures were related to construction, trading or banking. "Kamaraj asked us to set up a cement manufacturing unit and my father obliged," recalls Ramaswamy. A wet process unit was set up near Karur in Tamil Nadu.

Cement was a controlled commodity in the seventies and CCCL could not operate profitably under these conditions. By June 1981, CCCL's accumulated losses

ouched Rs.1.24 crore. But with the introduction of partial decontrol in 1982, the unit started generating profits, and for the year ended 31 March 1982, CCCL earned a net profit of Rs.2.87 crore on a turnover of Rs.16 crore.

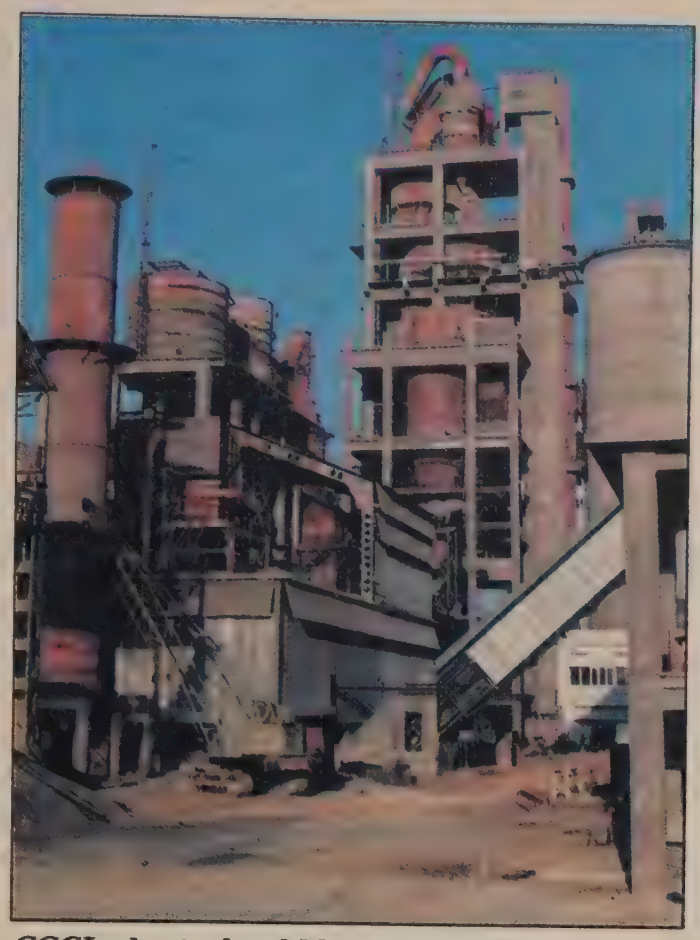
Dividend payments were fairly regular until 1987-88, when the company embarked on an ambitious modernisation-cum-expansion programme. This involved a changeover to the dry process, and an increase in installed capacity to 2,000 tpd. However, high customs duty burdens pushed the project's originally estimated cost of Rs.64.90 crore to Rs.82 crore.

High cost funds

Of the final project cost, Rs.60 crore was raised as term loans from banks and financial institutions, Rs.2 crore by increasing the equity capital, with the remainder accruing from internally generated resources. The consequent increase in the depreciation and interest costs played havoc with CCCL's bottomline. For the year ended 31 March 1990, the company recorded a net loss of Rs.13.65 crore on a turnover of Rs.44.20 crore. Accumulated losses totalled close to Rs.9 crore.

Relief came only when cement prices were jacked up. From a level of Rs.60 per 50 kg bag only 18 months ago, prices currently rule at around Rs.106 per bag in Tamil Nadu. Government purchases have also picked up. Currently, 40 per cent of CCCL's production is consumed by this sector. Says Sabaretnam, "Better price realisations, a switchover to the dry process, increased dependence on lignite instead of coal to meet energy needs, along with increased capacity utilisation of 98 per cent have pulled the company out of the red. If the present price levels continue and input costs do not increase, accumulated losses will be wiped out by 1992."

As long as demand persists, most cement units will be on velvet. "Since no new capacity is being commissioned, a severe shortage is likely to develop by 1992-93," maintains a cement manufacturer. Given these portents, the price of CCCL's Rs.10 share has been ruling at Rs.98 per share. Says K. Gopalakrishnan, managing director of Data Scan Ltd, a Madras-based investment consultancy, "The share is overpriced, but, given the fact that no new capacity is coming up in the cement industry, the company's performance will continue to look up. Share prices could increase to Rs.120 or 130 by October 1991," he predicts.



CCCL plant: should keep up performance

CCCL for its part, is ready to take on this situation. Power, a major bottleneck, has been taken care of by installing generators. And already, the company has switched over to the cheaper lignite from coal for its energy requirements. Hauled in from Neyveli, which is 200 km away, the landed cost of lignite is Rs.650 to Rs.700 per tonne, against Rs.1,300 per tonne of coal." As a percentage of manufacturing expenses, fuel costs have declined from 30 to around 19 per cent.

"Our main markets are in Kerala and Tamil Nadu," says financial controller L. Muthukrishnan. The company sells 45 per cent of its production in Tamil Nadu, 45 per cent in Kerala and 10 per cent in Karnataka. Competitors, however, are of the opinion "that CCCL has to tone up its marketing. It has to adopt a professional attitude, without resorting to large discounts".

Repaying loans

Starting next year the company will also have to repay its loan instalments at the rate of around Rs.7.5 crore a year for a seven-year period. Considering the past financial performance of the company, that would be a tall order, especially if there is a down-turn in the notoriously cyclical industry.

Like CCCL, the other companies in the Chettinad group are also run by loyal retainers. South India Corporation Ltd, for example, is under the stewardship of its general manager, Ranganatha Chettiar, while the South India Structural Corporation Ltd is run by A. Ganapathi Chettiar. Ramaswamy's own contributions to business are related to his interest in racing. The Chettinad Stud and Agricultural Farm was set up in 1985, while the Sholavaram Stud Farm was set up in 1990.

"Ramaswamy is probably the largest owner of race horses in the country," says K. Balaramadas, director of the Dasaprakash group, a former race horse owner himself. He says, "Ramaswamy is not in it for the money, but the prestige. He has been involved in racing for over three decades. Few individuals, apart from Ramaswamy and Vijay Mallya, have the sustaining power to remain on the scene for so long." There are allegations of rigging in the races, but perhaps that is inevitable.

Another new venture floated recently is Chettinad Granites Ltd, involving an investment of Rs.10 crore. "Friends persuaded me to make an entry," says Ramaswamy.

Major preoccupation

Apart from races, another major preoccupation is the Annamalai University founded by Sir Annamalai in 1929. Ramaswamy took over as pro Chancellor of this University in 1984, and is credited with implementing the establishment of the medical college at the University. Both this college, set up in 1984-85, and the dental college, set up earlier in 1982, are self financing. The capitation fees at the medical college are Rs.4 lakh per seat. Yet, "this is hardly sufficient to meet the expenditure per student for six months," says an official of the university. Grants from the state government and the UGC are other sources of income, in addition to trusts created by the family. "Under Ramaswamy's guidance the University has grown in popularity and prestige," says the official quoted earlier.

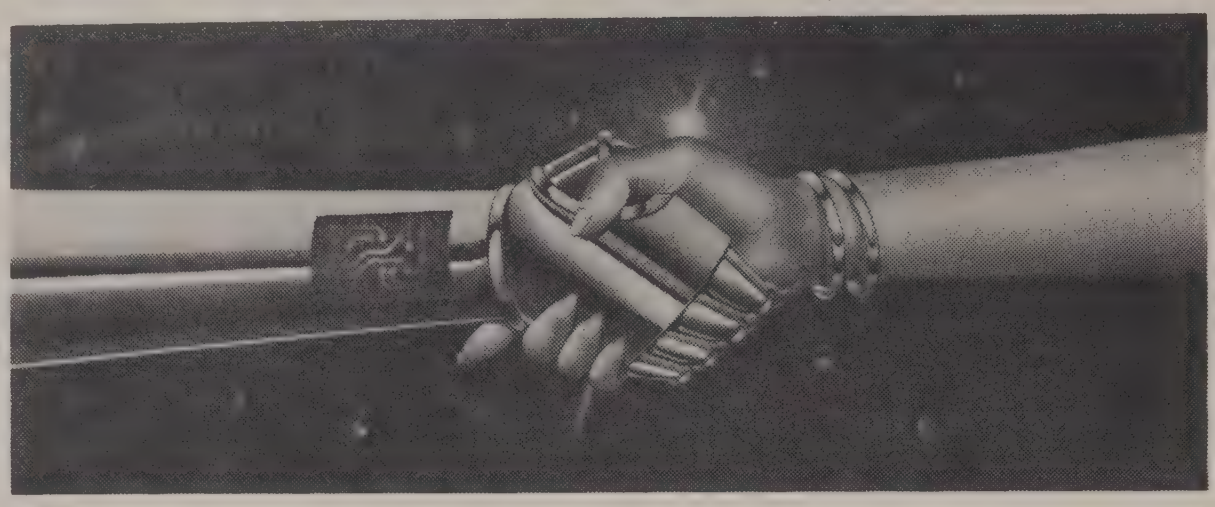
Ramaswamy is truly an industrialist with a difference. Says a well-known banker, "Given the resources at his command, the house of Chettinad under Ramaswamy could have emerged as a leading industrial house in the country." But Ramaswamy chose otherwise. And it was a conscious choice.

■ DHARANI K. PANI

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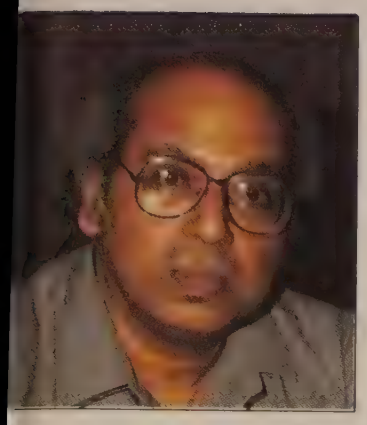
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Breakthroughs in exports



KALYAN BANNERJI

The breakthroughs achieved in Indian exports are unlikely to continue, unless exporters can act with increased freedom. There has been a breakthrough in the export growth rate between 1987 and 1990. During the sixties and seventies, India's export performance was modest. The average annual growth rate of exports, in dollar terms, between 1977 and 1986 was 4.06 per cent. The share of manufactured exports in total exports was also not remarkable. In total exports, the share of manufactured goods was 53 per cent in 1984-85 — these chiefly include engineering goods, chemical and related products, gems and jewellery, leather goods, garments.

Between 1987-90, Indian exports have achieved a breakthrough. The export growth rate in 1987, in US dollar terms, was 24 per cent. In 1988-89 and 1989-90, the comparable rate was 15.5 per cent and 18.7 per cent, respectively. There has also been a brisk growth in the share of manufactured goods in total exports, from 53 per cent in 1984-85 to about 68 per cent in 1988-89. The Export Marketing Fund programme, introduced by Exim Bank in 1986 under a World Bank export development loan programme, has grown in tandem with this.

Clear export plan needed

Firms wishing to export manufactured goods in industrial market economies experience a high cost of entry and demanding user expectations. Hence the need to design a clear export plan reflecting an appreciation of major factors that are likely to influence success in exports. Firms aiming to export into industrial market economies need to first study the features of the target markets. Market size, competition, end-user requirements, distribution channels, safety and test standards, patent registration and legal issues, warehousing needs, after sales service, warranty and product liability are factors germane to any export plan. Systematic marketing activities may not be essential when exporting commodities but are hardly optional when exporting manufactured goods.

The Bank has offered since 1986 both advisory support and finance to Indian firms keen on undertaking systematic marketing activities with a clear focus on products and markets. This has been an endeavour in institutional support to firms undertaking export marketing of manufactured products, with industrialised market economies in view.

The export marketing fund programme provides advisory and financing support at six key stages in the export marketing cycle. First, at the stage of market research, inputs are sourced for formulating an export marketing strategy. Second, minor product adaptation is facilitated. Third, sales and promotion are made possible through establishing overseas operations, travel to India by overseas buyers and the like. Fourth, the programme, through financing appropriate consultants, helps reduce costs, improve quality and productivity. For plan modernisation and capacity upgradation, which constitute the fifth and sixth stages in the export marketing cycle, the Bank offers financing to improve, amongst other things, international competitiveness.

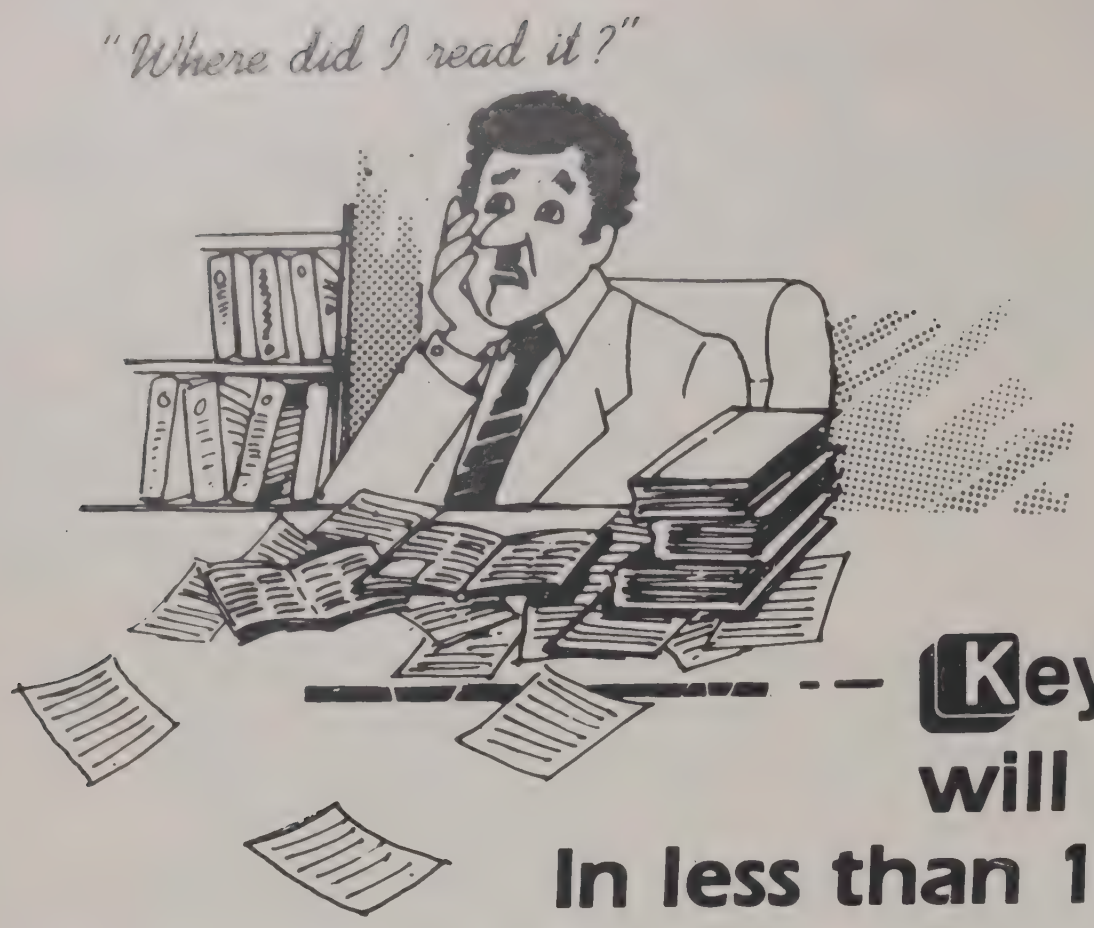
Clear advantages

What has been the impact of this modest programme? A study covering the period 1987-89 on the impact of the export marketing fund programme has established four clear advantages. First, the 155 firms that participated in the programme generated incremental exports upwards of Rs.2,200 million over 1987-89. Second, the programme appears to have enabled incremental exports to grow at around 35 per cent per annum. Third, the industrialised markets of the US and the EEC accounted for nearly 80 per cent of their total incremental exports. Fourth, improvement in product quality, awareness of new technologies, cost effective methods of production are some other advantages derived by the participating firms, according to the study.

The export marketing fund programme appears to have succeeded in assisting participating Indian firms in gaining a link with distant markets. Encouraged by the results of a modest scale export development initiative, the bank is now extending loans to particular industries for activities that promote export of manufactured goods. This initiative is based on the evidence that through specific institutional initiatives, supply-side export capabilities can be enhanced. This is part of the bank's enlarging role to package the relevant knowhow with domestic endowments and financing for successful and increased exports. With improving policy environment in favour of exports in the country, the bank perceives an increasing scope in the role of a catalyst for increasing manufactured goods export. However, a barrier has been observed.

The future lies in exporting manufactured products. Export of commodities the world over is declining. With industrialisation, the effort is to export processed commodities, manufactures. The share of manufactures in India's export basket is increasing. Two factors can accelerate the momentum. First, absorption of technology in industry is essential to produce for exports. Second, there is a need for strategic alliances.

The author is chairman and managing director, Export-Import Bank of India. The views expressed in the article do not necessarily reflect those of the bank



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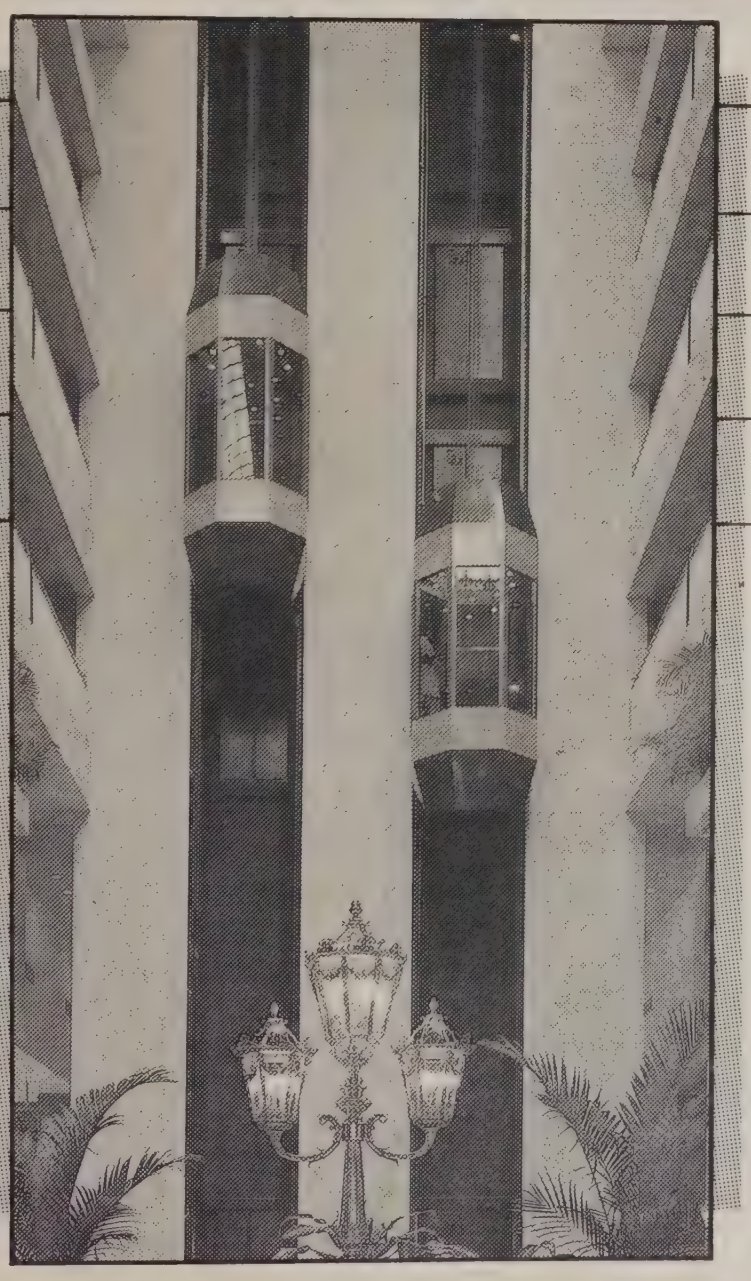
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What we are seeing is the growth of economic/trade blocs. The US is implementing a North American Free Trade area encompassing the US, Canada and Mexico. Europe next year will declare open the European common market with twelve members. In the developing countries, we see trade/economic blocs in Latin America, Africa. Within each trade bloc, the aim is to maintain a borderless universe. For India it will be difficult to export/sell more from outside each trade bloc. How does one set up presence within a trade bloc? The answer is in strategic alliances and acquisitions of companies within a trade bloc. A strategic alliance is more than a mere joint venture or a long-term contractual relationship. Glaxo, a British pharmaceutical company, recognised that it is unnecessary to establish a full business system in each country where it did business. Hence, it decided to tie up with leading partners in Japan and swap its best drugs with each of them, and concentrated its own resources on generating greater sales from its established network in Europe. Strategic alliances make for value creation and delivery, around the globe.

The other method to set up ground presence within a trade bloc is to acquire companies. Acquisition can be a way to accelerate export growth, providing a quick way to secure access to channels of distribution within a trade bloc. Through acquisition of a running company, it is possible to gain a skilled business team. Additionally, setting up a new firm abroad for gaining access to market and skilled team can be cost ineffective and risky. Acquisition of companies abroad has become an accepted route for foreign entrants.

The Exim Bank's export marketing fund programme provides evidence that in the next stage of export development, a strong local presence in developed countries is essential. When one excludes export of commodities and focuses on skill-intensive products like engineering goods and computer software, the need for a strong local presence is essential. India needs to build up a network of at least 150 companies in the industrialised countries to fuel the next stage in momentum for export growth in manufactures. It has been said that faint hearts make no conquests. It can be said that in Indian exports, the time has come to think in non-traditional terms. Commodities can be sold and despatched from distant boundaries. When it comes to manufactures, the handling has to be different. Export promotion in an import-substitution regime can be a zero sum game. More of the same will not do.



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RETIREMENT AGE

A breather at last

Early this year, the Reserve Bank of India extended the retirement age for class I officers — this time from 58 to 60 years, making it on a par with the retirement age of other employees (class III and IV) of RBI. This benefits nearly half of the 6,600 officers currently employed in RBI, who had joined RBI before 19 July 1969.

This announcement marks the end of a two-year struggle by the RBI officers. But as things stand, the extension might well set a precedent of sorts for yet another struggle in various related sectors.

The first demand

When the matter was first raised during the RBI officers' strike in 1989, the then RBI governor R.N. Malhotra was willing to take the risk and grant the extension, but this meant that the officers will have to concede some of their monetary demands. This they refused. As a result, RBI relented on the monetary demand and the extension was relegated to the background. However the officers soon realised their folly of giving up the extension of retirement age demand and began pressing the matter again. Finally RBI had to give in.

According to R.P. Donde, advisor, All India Reserve Bank Staff Officers' Association, RBI had accepted the demand in 1990 itself. But since the government had not cleared the matter, RBI was helpless. It was only in January this year that the government cleared the matter and the officers were given the extension. So RBI could comply with the contract terms which these officers had signed at the time of recruitment only in 1991.

Interestingly, this is the second time that RBI has extended the retirement age. The first time the retirement age was raised from 55 to 58 years, after RBI was nationalised in 1947. The contract signed by officers who joined nationalised banks before 1969 gave the retirement age at 60. However, in 1976, the Pillai committee, set up to determine uniform salary and service conditions for public-sector bank officers, suggested in its report that, like the public-sector employees, bank employees should also retire at 58.

The recommendation of the Pillai committee, if adopted, would have created a conflict with the contract already signed by officers who had joined before 1969. The committee therefore laid down three conditions: officers recruited before bank nationalisation — 19 July 1969 — and those who joined prior to nationalisation and subsequently received promotion will retire at 60; and officers recruited after 1969 will retire at 58.

This obviously caused much resentment among bank officers who joined after 1969. It also meant that there was no uniform retirement age for bank employees. As a spokesperson from the Indian Banks Association (IBA) says, although the unions demand a uniform retirement age for all employees, there cannot be one.



The officers feel that with the retirement age reduced, each officer loses as much as Rs.1 to 2 lakh in his provident fund and gratuity, in addition to two years salary at the rate of Rs.4,000 to 5,000 a month

Wave of resentment

However, while the RBI officers benefit from this recent announcement, officers from other nationalised banks do not, and this has sparked off a wave of resentment among officers of other nationalised banks who retire at 58. Says S. Dabholkar, secretary, All India Bank Officers' Confederation, "The officers feel that with the retirement age reduced each officer loses as much as Rs.1 to lakh in his provident fund and gratuity, addition to two years salary at the rate Rs.4,000 to 5,000 a month."

According to a spokesperson from the IBA, however, this decision gives RBI an edge as it has retained the right of granting extension on an annual basis, which would enable RBI to create more jobs and induct fresh appointees as and when wanted. As was expected, the bank unions have already taken up the matter of extending the retirement age though they are not pushing the matter hard as yet. It is felt that RBI has kindled a hope among the bank employees countrywide that it will definitely raise the retirement age to 60 for public-sector banks as well.

■ MAHIRA SHEIKH

Record Rs 260 crores foreign exchange turnover by ITC

1990-91 Highlights	
Gross Income	Rs 2316.38 crores
Net Income	Rs 1014.46 crores
Net Profit	Rs 77.52 crores
Foreign Exchange Turnover	**Rs 260.00 crores**

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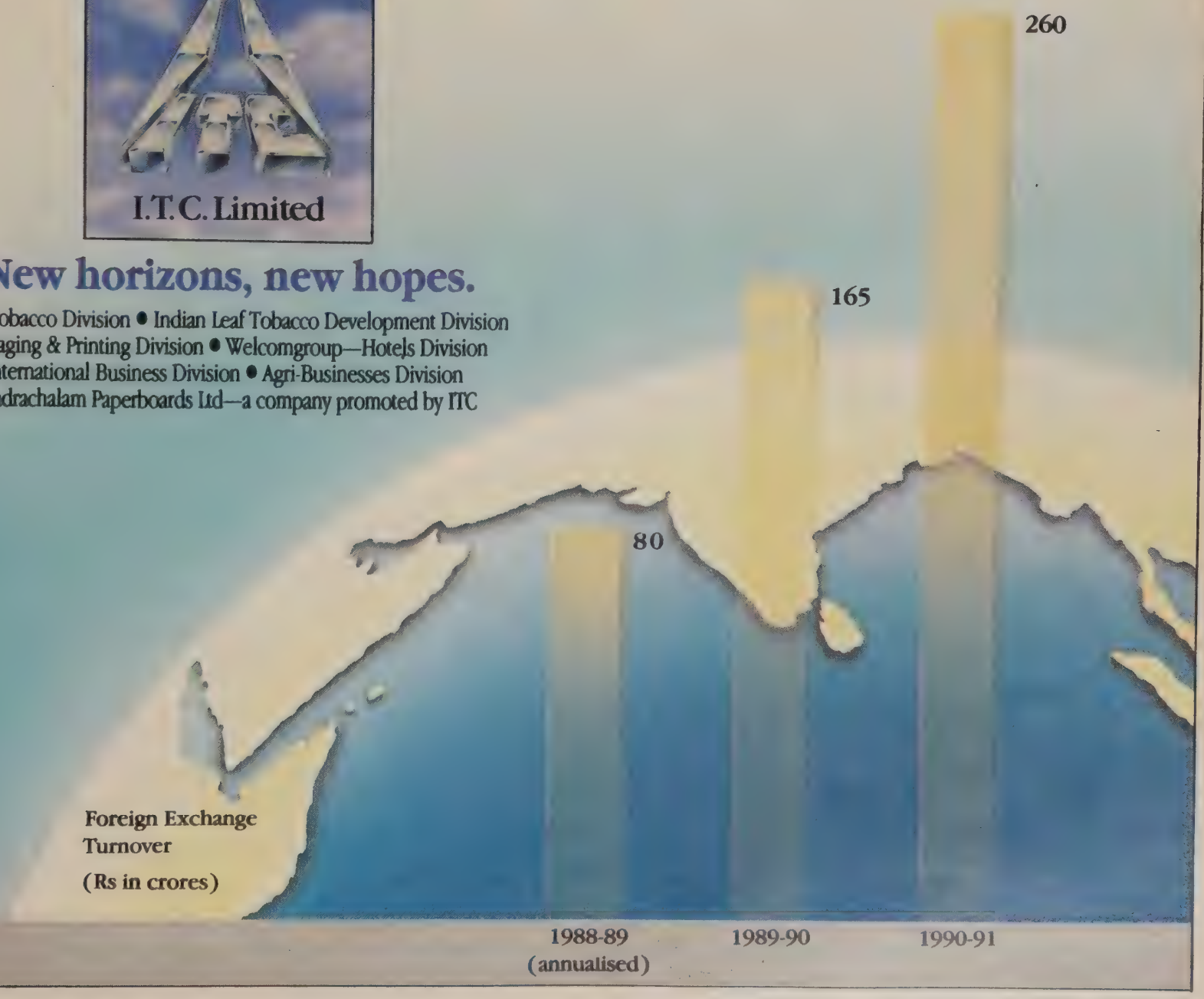
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Being the aggressive marketing bank that it is, Citibank naturally took the lead in this business. Having started the Citifinance scheme in 1986, Citibank can boast today of financing the sale of one out of every six cars manufactured in India. Things were just fine till suddenly they struck a bad patch. This quick finance scheme seemed to have brought to Citibank a heavy load of repossessed cars.

Though defaults and repossession are considered to be a part of the finance game, the numbers in the case of Citibank seem to be unusually large. Market sources say that in recent times Citibank has had to repossess cars from defaulters at the rate of around 120 a month.

Citibank director for Auto Finance, Deepak Verma, was rather vague when asked to confirm this. In a written reply to a question whether it was true if his bank had recalled 150 cars recently, he said, "We recall cars at various locations as and when borrowers default. I am not aware of the specific instance that you refer but what I can say is that recalls are at random and are related simply to the number of customer who have defaulted." And when pressed to be more precise about the normal percentage of default, he was as ambiguous. "The percentage of default would vary significantly depending on economic conditions, the strength of the lenders credit process and the infrastructure which supports collections and recovery efforts. In an economic downturn, defaulters are much higher since earning levels unfortunately fall."

No drastic step

Curiously enough the other finance companies into auto finance seem to have gotten away without much of damage. Both C. Jayaram, vice-president, Kotak Mahindra Finance Ltd and Ajit Engineer, vice-president, 20th Century Finance Corporation Ltd, claim that they do not have to take the drastic step of repossession. This has been possible, say the finance companies, because they verify the prospective client's antecedents much more thoroughly, before a loan is given. Citibank, on the other hand, depended largely on middlemen — be it the dealer, agent or even appointed 'consultants' or chartered accountants — according to a source closely associated with Citibank's finance scheme. Financial circles see a clear case of Citibank "going overboard" with its scheme.

Yet, they do affirm that there is a likelihood of defaults in this business. Explaining the constraints in the business Jayaram states, "You have to realise that car financing concerns a retail product. We are dealing either with an individual or small proprietary/partnership concerns. Also our volumes are large, therefore we cannot do credit appraisals as thoroughly as we want to." And they try to plug the loopholes as well as they can.



Pankaj Desai

Cars for sale at Autoriders

Says Atul Nishar, managing director, Apple Industries Ltd, " We are protected by the Hire Purchase Act." Under this act, the lenders are the owners of the financed asset. In case of default, they have the right to repossess the asset. As most financing agencies take post dated cheques for repayment, they also have the option to institute criminal proceedings against the borrower for cheque bouncing. Besides, they take a general power of attorney from the borrower so as to repossess the car if need be.

Legal restrictions

However, being a bank, Citibank has had it tough due to legal restrictions. RBI rules do not permit banks to engage in hire-purchase directly. Citibank and other banks like State Bank got around this by treating hire-purchase as one of their loan schemes. The loan agreement makes repossession difficult, if not impossible. To protect against defaults, Citibank gets a signed blank transfer form from the borrower.

For the financing agencies, repossessing assets is unpleasant business involving the police and the repossessing agents. Once that is done, selling the asset off and adjusting the amount towards the loan dues is the next step. The financing agencies prefer to write off the rest, says Nishar, for the dues are too small to be recovered through court proceedings.

But the finance agency's woes do not end with repossession. The problem of resale has to be dealt with. An auto dealer says, "Though the vehicle is repossessed, the documents, like the RC book, necessary for transfer are still with the original borrower." Getting the duplicate documents made costs money and is a hassle. Moreover, the price of a second hand vehicle is difficult to ascertain.

Again the cost of seizing, storing and reselling vehicles taken together results in the resale value being higher than their current market price. Till all this is determined, the finance agency's money is locked up. And though Citibank would not confirm it, financial circles estimate the amount locked up in their auto scheme at several hundred crore. Of course, now that the market price of second hand vehicles has gone up considerably, Citibank is all set to begin its resale through Autoriders Trading Company in Bombay.

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AD-INDIA

Deregulation and legal system

One of the late Rajiv Gandhi's most important item on the agenda for reform was to be the overhaul of the legal system. The manner in which the legal system was to be reformed was never made very clear, except that he, like many others, was concerned with the time factor in disposal of cases. This, perhaps, is a throwback to the notion that legal reform approximates to reform of the court system. However, it is the test of the efficiency and effectiveness of a legal system that people have the minimum recourse to litigation.

With the opening up of the Indian economy, the extraordinary inefficiency of the commercial legal system — and the poor drafting of many of our laws, coupled with an ignorance of business realities — will come into sharp focus. The legal system must be viewed as a whole; the non-litigous part is, perhaps, even more important than reforms of the court system.

The government, too, must understand the consequences of some of its actions. Such as in shipping law for example, where the government insists in the arbitration clause that charter parties restrict choice of arbitrators to the Indian Council of Arbitrators. The consequence has been that foreign shipowners charge an increased rate of around $10 per tonne shipped, where reference is made to such a clause. Thus, foreigners are encouraged to either seek to circumvent an India-based resolution or in the alternative, build those costs into the contract or commercial arrangement. Something needs to be done and, very dramatically, to improve this state of affairs.

Lawyers will benefit

If, as seems likely, deregulation is taken up in earnest in India, the first group of people to be reassured about its consequences are lawyers. It is often suggested that lawyers benefit most by controls and absurd laws. This is only partly true. Clearly, if much of the labour legislation were to be abolished, many labour law practitioners would be briefless. However, this notion does not square with the fact that countries where deregulation is the norm lawyers enjoy the highest earnings, the US for example, and now UK. In UK the deregulation of the financial services market, company legislation and trade regime sparked off the great boom in city solicitors who have grown at an unprecedented rate and whose earnings now compare well with US law firms, at least on the commercial side. Why is this so, and who benefits?

First, deregulation necessarily involves devolution of sorts, permitting commercial men to arrive at their own bargains without having the necessity to check out whether this course is permitted by law or not. But increasingly, businessmen turn to lawyers to structure and work out prudent ways of making such deals work. In fact, in the UK, commercial solicitors were much sought after to structure transactions which businessmen had little experience in doing.

The major consequence of deregulation will not just be the reduction in protection for certain groups in society, it will also be the empowerment of certain other groups

Secondly, the other consequence of decontrol is the substitution of discretionary rules with rule-based norms. The reduction in the scope of discretion in public policy must have important implications for the legal system. For one, it will mean that the government can be made more accountable where it departs from its own norms. The hope is that by promoting more rule-based norms there is not only the possibility of introducing more certainty in law-making and interpretation, there is a good chance of reducing the scope for corruption and unnecessary litigation.

The other way in which deregulation should benefit lawyers is through privatisation and the contraction of the state. As so much of our economy is in state hands, the enlargement of the private sector will at a stroke benefit many law firms and lawyers. The reason being that the private sector generally has a tradition of consulting lawyers to working out their strategies. The other fall-out may, perhaps, be a more aggressive takeover regime, with companies on the prowl for other companies which are either undervalued or poorly managed or both, which again will involve lawyers in respect of working out takeover strategies.

The major consequence of deregulation will not just be the reduction in protection for certain groups in society, it will also be the empowerment of certain other groups. One such group which will benefit from any large-scale privatisation will be the consumers of public-sector goods and services who at present have no redress under existing law.

The other consequence inherent in liberalisation is liable to be the steady diminution of what is termed the parallel economy. Having a black sector of the size we have in India affects the extent to which businessmen consult lawyers in working out transactions. A reduction in the black economy can only benefit the formal sector which would require such transactions to be framed in legal terms. This again must benefit lawyers who may be called upon to draft such arrangements as well as litigate in the event of disputes.

New instruments

Moreover, in view of the expected increase in the creation of wealth which should ineluctably follow liberalisation, lawyers will be expected to craft newer and more sophisticated instruments of managing wealth, as the massive decontrol of the financial services sector in the UK bears out.

However, all these factors which make a liberal economic regime good for lawyers does not preclude a drastic overhauling of our legal structure as it exists. In fact, there is good reason to argue that such reforms are a necessary condition of liberalisation working, particularly if we are to open our economy to foreign investors and companies.

A legal system tends to reflect the dynamics of its society; till now no one really bothered about ours because the pace of our overall development was abysmally slow. Now foreigners, in particular, are going to be very impatient with our legal process and the lack of clarity of many statutes. Even though infrastructural costs are rather prohibitive in India the reform of the legal system is absolutely vital. In any event, we enjoy several advantages over other countries having based our legal system on common law principles, being English-speaking and having a tradition of the rule of law. In fact, by doing nothing we are throwing away an excellent advantage which could make India a more attractive place to do business in than Eastern Europe or China.

■ JAVED GAYA

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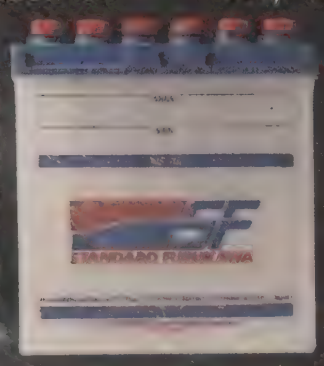
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BREAKAWAY AGENCIES

The spirit of freedom

The 1,200 sq ft office of Triton Communications, a fledgling advertising agency set up in March this year, is bursting at its seams. There are about three people to every chair in this 45-member outfit. "Initially we'd thought we could operate from here for at least three years," says Triton's founder director Munawar Syed. Rapid growth has, however, compelled Syed & Co to rent more space elsewhere.

Syed's brisk progress is not surprising for he's no greenhorn in the business, having spent over 20 years at Everest Advertising. Ali Merchant, Syed's partner has a long track record too — 14 years with Everest. Indeed, Triton is full of people previously spotted at Everest and its dismantled subsidiary agency, The Edge. Syed's former agency also had to part with some precious accounts — Eureka Forbes, Shyam Ahuja, Leela Kempinski, S. Kumar (from Edge).

Names to reckon with

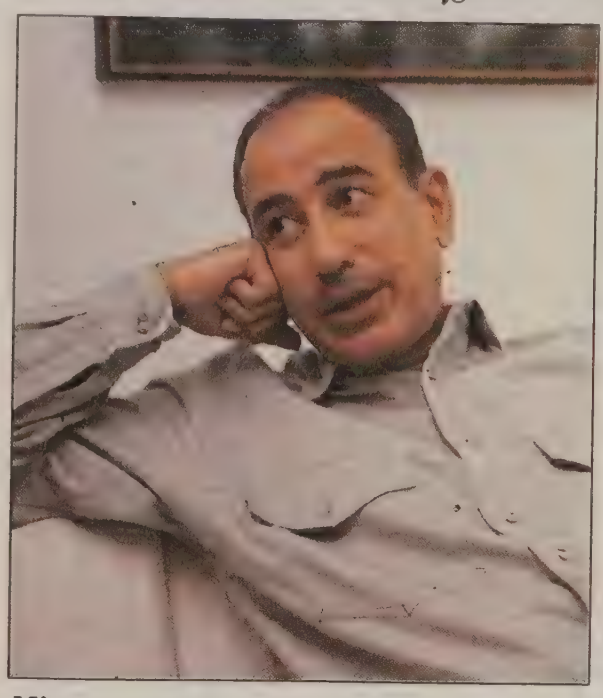
The birth of a 'breakaway' agency like Triton is not a new phenomenon. MCM — formed in the late sixties — was the first. It had an abundance of creative talent — Kersey Katrak, Kamlesh Pandey, Mohammed Khan, Ivan Arthur and Vikas Gaitonde — all names to reckon with today. The agency collapsed due to financial mismanagement giving rise to a clutch of new agencies: Rediffusion (Arun Nanda), Enterprise (Mohammed Khan) and Trikaya Grey (Ravi Gupta). Enterprise itself went on to spawn Nexus-Equity, and Rediffusion brought forth Milestones and Ambience.



Syed: no greenhorn

Why did established professionals decide to risk it alone? For some, it was clearly the lure of bigger bucks. Others wanted to overcome a professional dead end. Disenchanted with working for a large organisation Rumi Mistry ended his 20-year stint at Ulka Advertising and set up Rhizic Communications in 1987. Ulka had become such a monolith that it began to drift and sail," feels Mistry, whose agency now handles Premier and Zodiac, former prize accounts of Ulka.

Breakaway agencies tend to be formed by two or more like minded people. A case in point is Nexus Advertising (1990-91 billing: Rs.4.5 crore) which came into being in September 1985. Its founders were colleagues at Rediffusion Advertising; Rajiv Agarwal, currently managing director, had also been the founder director of the successful Enterprise Advertising. The others were David Innis (who left to achieve greater recognition in Canada), Bhargava Krishna (who is back at Rediffusion now) and Arun Kale.



Mistry: content with modest growth

"Starting a new agency was relatively simple," says Agarwal. "We began Nexus with a paid up capital of Rs.300. But there is a 1,000 day syndrome before a new agency can establish its credibility. Getting new business or soaring to great heights, in fact, is an unreal expectation." Nexus has just managed to trudge along. This April, the agency merged with Equity Advertising, co-founded by M. Raghunath and Rajan Nair, ex-Enterprise men.

Success is not guaranteed when top advertising talent gets together. Neena Varma, who quit Clarion last year, made two unsuccessful bids to start off on her own — first, with Chris Passanah (currently in Australia), attempting to run Vision Advertising which was ultimately sold off to Mudra; then again with Brendan Perriera and Rashid Ibrahim to start Ad Palace, only to leave within months. "I found that it is much more exciting to work on a large canvas," she reveals. Varma now heads Tara Sinha McCann-Erickson's Bombay operations.

Most breakaways seem quite happy with modest growth. Mistry says, "My clients have come to expect a degree of personalised service which large organisations may not be able to provide. Besides, my profitability is very satisfactory."

The original agencies, of course, have to learn to accept that people and accounts will come and go. Ahmed Ibrahim, chief executive, Everest, nonchalantly shrugs off the departure of Syed and Merchant. "Organisations are bigger than people. Once an agency establishes itself, there's more to it than just a few smart people. The losses of people and accounts then becomes only a temporary problem as they are then replaced by others." The same could probably not be said about Clarion which suffered for many years following the departures of Tara Sinha and Sudhir Lal. When Tara Sinha left Clarion, she succeeded in not only taking away major accounts but also the foreign agency collaboration of McCann-Erickson, which now has a 40 per cent stake in its Indian counterpart.

While they may not yet be in the rankings game, breakaway agencies realise the importance of holding on to talent. Apart from providing the usual benefits, Nexus plans to set up subsidiary units where senior managers will be given equity along with independent charge.

Whatever the problems, enterprising admen have little regret. Meanwhile, last year Enterprise Advertising's in-house recruitment ad joked about the phenomenon of ad professionals deserting the agency. Probably, the ad industry has finally reconciled itself to this irreversible trend.

■ DEVENDRA TAK

Subsidy-dominated loans

"How is your shop doing?" asked a worker of the Aga Khan Rural Support Programme (AKRSP). Keshabhai Polabhai was nonplussed by the question. "But I have no shop!" he answered. With some help, he remembered, "Yes, I had taken a bank loan for starting a shop, but closed it down after six months."

Ramasinh Bhimji likes the Integrated Rural Development Programme (IRDP), because, "You get a subsidy, and as far as loan is concerned...." He couldn't continue what he was saying because he was overcome by a fit of laughter.

These cases represent the prevailing climate in the second half of 1990, when, at the instance of the State Bank of Saurashtra, the AKRSP conducted a study of the bank's involvement in the IRDP. The study was conducted — in nine villages of the Surendranagar and Junagadh districts in Gujarat where the AKRSP is working — through personal contacts with 39 villagers who had availed of bank loans under the IRDP. AKRSP workers contacted the bank staff of six branches in these two districts. They also interviewed the *taluka* development officer and officers of a district rural development agency.

Stepping stone or crutch?

It was not a structured study with an elaborate questionnaire. The intention was to understand the attitude of the villagers, development officers and bankers towards bank loans and subsidies under the IRDP. Did these people view the loans and subsidies correctly as an initial booster to bring their poor rural families into the orbit of the bank credit system? Or as crutches to limp along for a while and then again to relapse into a low level of productivity and income, regardless of whether the latter is below or above the poverty line.

The study was therefore an exercise to gauge the effectiveness of the IRDP in improving the living standards of the rural poor in the two sample districts. It was to evaluate the role of the State Bank of Saurashtra in resource mobilisation through deposits; lending such funds to "worthwhile borrowers who have viable projects"; and after prompt and full recovery, putting the recovered funds back into the credit cycle. The success of such activity can be judged in terms of the number of needy rural families brought into bank credit system, and their "graduation" from being subsidy linked borrowers to business credit borrowers.

The findings, to say the least, were disturbing. Duda Talsi repaid two loans obtained for a tannery he said he wanted to set up, in order to get a third. He availed of all the subsidy due to him. And then he stopped repayment. Did he really use the previous loans to set up the tannery, when a fresh loan was sanctioned for the same purpose? "The bank manager is not concerned with use of loan but only with its repayment," was Duda's cynic reply.

Mukesh Waland's experience corroborated Duda's understanding of bank loans. Waland never used the sewing machine subsidised under IRDP for business. But no one questions him for using it only for stitching clothes for his family,

The dominant idea is to use the subsidy not as a stepping stone into the mainstream of the credit system, but as a one-time crutch. Many of the beneficiaries would not have bothered to take a bank loan at all if they could have availed of the subsidies without it

In case after case, a singular motive emerges behind taking a bank loan — IRDP subsidy. The dominant idea is to use the subsidy not as a stepping stone into the mainstream of the credit system, but as a one-time crutch. Many of the beneficiaries would not have bothered to take a bank loan at all if they could have availed of the subsidies without it.

Of course there are exceptions. Devsi Purshottam took a loan of Rs.6,800 for electric carpentry tools in March 1984. In early January 1987, the bank manager pulled him up for irregularity in repaying the loan. Purshottam felt offended and promptly repaid the balance amount. He philosophises on the loss of waiver benefits — it was not in his luck!

AKRSP could contact only one *taluka* development officer and officers of one district rural development agency. It was found that development officers thought that banks are playing a reluctant, passive role. They reject applications just as casually as they sanction others, "judging from the look of the applicant"!

But the six bank managers contacted by the AKRSP staff had a different view of the situation. The IRDP is a government scheme and it is for development officers to sponsor applications. Bankers only scrutinised them to see if the damage done by wrong applications passed earlier could be reduced. A fact that became obvious was these officers often act under pressure from various sources. Bank staff in the area consider subsidies as the villain of the piece. "Abolish the subsidy!" shouted one agitated manager.

Structural inadequacies

All this points out to the inadequacy of the present banking structure, its culture and its style of functioning as an effective development banker for the rural sector. There is obviously need for some experimentation and a change in both the approach and the schemes. For instance, the AKRSP workers did not come across a single case where the application of a villager, entitled to IRDP subsidy, was sponsored by bank staff. According to one branch manager who tried that, the experience was extremely frustrating on account of the non-cooperative attitude of the development staff.

In this regard, the Agriculture Credit Review Committee, 1989, of the government of India, strongly recommended, "Instead of adjusting the subsidy to the unit cost at the beginning, the same should be retained as a fixed deposit at the normal rate of interest with the bank in favour of the beneficiary and adjusted towards the last one or two instalments of loan repayment. That is to say, the bank will have to extend the full unit cost as loan at the beginning and recover the last instalment(s) from the subsidy deposit."

The typical village borrower will obviously be much better off with an assured long-term association with banks. In other areas, where independent rural development schemes have had some success, despite their higher interest rates, the villagers have been found to appreciate the benefits of a long-term business relationship. And that gives alone hope for improvement.

■ ANIL C. SHAH

The author is chief executive of the Aga Khan Rural Support Programme

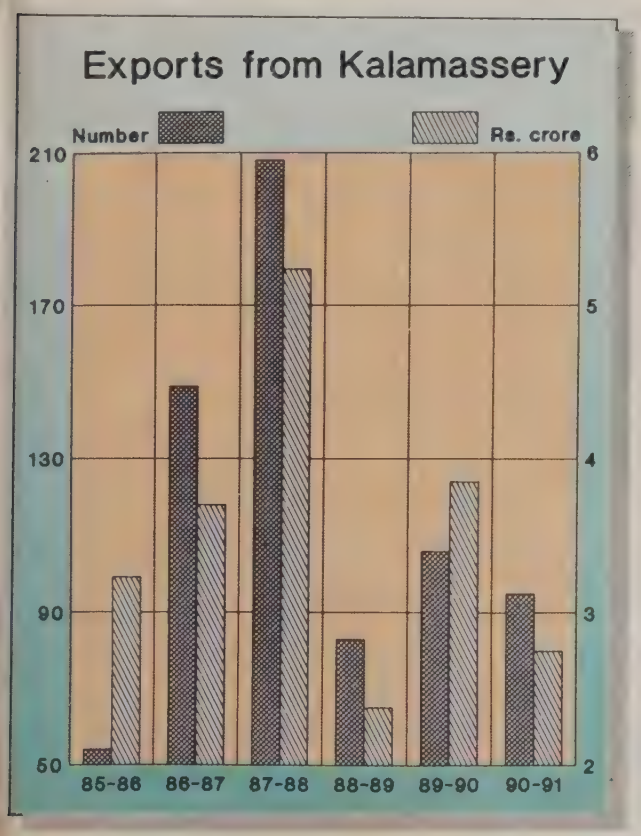
MACHINE TOOLS

From Kalamassery with pride

The machine tool export business in India is not spectacularly large. In 1989 it came to just Rs.80 crore (excluding diamond tools and testing equipment) out of a total production valued at Rs.733 crore. Last year it crossed the century mark by reaching Rs.119 crore. But compared to the global production figure of US $46.5 billion, India's standing is at a pygmy level — ranked 21 with production worth $0.24 billion.

The only encouraging trend is that the past decade has seen a tenfold increase in exports. Though the Indian machine tool industry began shipping out its products as far back as 1955, the real thrust came only in 1975, when exports crossed Rs.8 crore.

If there is one company which can claim to have done more than a fair amount for Indian machine tool exports, it is HMT, which accounts for over 40 per cent of the business. That is a widely recognised corporate fact. Less well known is the fact that from among the 16 units and 22 divisions of HMT (1989-90 sales turnover: Rs.715 crore), a substantial contribution to the export performance has come from the unlikeliest of places, Kalamassery, in the industrial belt off Kochi in Kerala. This is where is sited HMT IV, the fourth unit of HMT set up in 1963 with an investment of Rs.7.5 crore for the machine tool division and Rs.4.28 crore for the printing machinery division.



Over the last five years HMT-Kalamassery's exports have ranged in value from Rs.2 to Rs.5 crore (*see chart*). In its best year so far, 1987-88, its export value accounted for 20 per cent of the unit's sales turnover. The mainstay of exports has been machine tools, principally central lathes. But recently the Kalamassery unit was



Jayadevan: early recognition



A Soviet delegation at the plant: encouraging enquiries

able to ship to the USSR the first Indian two-colour sheetfed offset printing machine for the Pravda Publishing House, Moscow. (A later machine of smaller size, the SOM-125, won for HMT-Kalamassery the PRINTEK 1990 technology award, and has since been inviting encouraging customer enquiries).

But at Kalamassery the buzzword these days is CNC (computer numerical control). Says outgoing general manager C.P. Jayadevan, who has been with the Kalamassery unit from the very start, "The most significant thing is that we foresaw the importance of CNC lathes as far back as 10 years ago." Production has increased from just two CNC machines in 1981-82 to 95 last year.

Another important fact which Jayadevan stresses is that these machines have been developed inhouse. In the beginning the CNC systems were imported but because of poor technical support, HMT tied up with Siemens to become self-sufficient in systems. But the situation is far from one of total indigenisation — around 35 to 40 per cent by value of the final product is still imported, mainly special parts like curvi-couplings and ball screws.

Last year, HMT-Kalamassery broke new ground when it made an entry into the European market by exporting a CNC lathe to the Austrian engineering company, Weber Hydraulics, manufacturers of all-aluminium hydraulic power packs and taillifts for trucks. For the Kalamassery unit, this sale is an encouraging move away from overdependence on its traditional export market, the USSR. Along with this Austrian sale, about a dozen CNC lathes have been shipped to customers in the US, Switzerland, Malaysia and Iraq. The HMT-Kalamassery management reckons that by indigenising production of these CNC lathes in just three years, nearly Rs.30 crore in foreign exchange has been saved.

■ K.G. KUMAR



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Banking on big bucks

Unlike the old time die-hards who preferred security more than anything else, the new breed of youngsters in the financial services business have a simple motto: grab some experience in an established organisation and then go for it — alone

Time was when professional *nirvana* was equated with a secure job, a high salary and perks galore. Today, however, there are professionals in their twenties and thirties who think differently enough to break out of their corporate cocoons and plunge headlong into business. One area where start-ups and consultancy shops are becoming increasingly common is the financial services sector. Young professionals see this field as one of unlimited opportunities and worth giving up their yuppiedom for. Indeed, some say they earn as much in a month on their own as they would earn in a year on the job.

"Three years ago," says Shankar Sharma, an MBA from Manila, "the financial markets here were nascent and unprofessional; today India offers tremendous opportunities to entrepreneurs." So firm was this belief, that Sharma chucked up a cushy job as manager with the merchant banking division of Citibank to set up First Securities which is involved in equity broking, money markets and government securities broking. Sharma is not alone in his optimism.

"There are so many new things happening in financial services," says 27-year-old Nirav Panchmia, a chartered accountant who left the merchant banking division of ICICI last June. "Financial markets are much more complex; existing merchant bankers handle existing markets such as leasing, but I saw tremendous new opportunities." Enough, presumably, to propel him to launch Finesse Financial and Money Management Services offering "utility oriented, strategic, financial and corporate law services". That includes a vast array such as project finance, capital structuring, bill discounting, as well as consultancy on collaborations, mergers and takeovers.

Restricting progress

"The economy is going to open up in the next few years," feels 29-year-old Sanjiv Saran Mehra, former Bombay representative of Creditcapital's Venture Fund India Ltd. Mehra started Vision Financial Services, another such financial boutique specialising in debenture and equity placements and industrial licence clearing.

Many youngsters feel, however, that organisational structures restrict opportunities to progress. "Merchant banking is a very diverse field," says Mehra, "but I soon found myself getting compartmentalised." This was despite his diverse responsibilities handling public issues for Creditcapital's merchant banking division and developing a marketing network of sub-brokers for an associate broking firm.

Similar sentiments are echoed by Panchmia's partner, P. Chandrasekhar, a 31-year-old chartered accountant and company secretary who left ICICI's merchant banking division after a three-year stint. Says he, "I was doing the same work in the third year that I was doing in the first, and I was sure if I'd stayed on I'd be doing it in the 10th year too."

Reasons for leaving

Among other things, he was involved in conceptualising and preparing feasibility studies for the setting up of finance companies by industrial houses. Obviously his findings encouraged him to make that decisive break. Slow growth prospects also compelled Harsh Vardhan Roongta to leave ICICI despite a good salary and a "professional atmosphere" to start Anik Financial Services Private Limited. "In a large organisation," explains V. Srikant Rajan, Roongta's current partner and former colleague at ICICI, "if you come up with a good idea, at the most you'll get a double increment."



Panchmia and Chandrasekhar's Finesse offers "utility oriented, strategic, financial and corporate law services" including project finance, capital structuring, bill discounting, and consultancy on collaborations

The younger crop is obviously impatient to make it big. Twentyfive-year-old Manoj Kanaya didn't think twice before quitting his first job at Infrastructure Leasing and Financial Services Ltd to team up with Sharma of First Securities to float a new merchant banking venture. Kanaya, who would rather call his own tune in an organisation, says, "You can grow only when the management decides that you

will." Delhi-based chartered accountant Percival Billimoria too would rather dictate his own pace at work. Which is why he left Arthur Andersen & Company where he was senior consultant in Bombay to set up independently in Delhi. "The long-term goal is to create my own empire," he says. Even if he had progressed upwards at Andersen to become partner, he would have been just one among many worldwide.



Kanaya and Shankar Sharma chucked up their jobs because they would rather call their own tune in an organisation and floated First Securities, which is involved in equity broking, money markets and government securities broking

Yet another problem is pointed out by Dilip Bhat and Amisha Vora, who quit JM Financial and Investment Consultancy Services Ltd, to start Network Investment and Financial Consultancy, which has a portfolio management cell and a research division manned by chartered accountants specialising in stockmarket analysis. "In a personalised service like ours," they say, "you have to be in a position to take decisions on the spot, otherwise the client is dissatisfied. If you're in a job, you have to keep referring matters to the top authorities."

One immediate advantage of being able to take their own decisions was that Vora and Bhat could set up an on-line computer service for their clients. At JM, they say they were allowed limited access to computers. They also build better bonds with their clients through a newsletter that focuses on company and stock-market prospects.

Drawing on the valuable experience and contacts gained on the job, most young entrepreneurs in the financial services field initially offer clients exactly the same services they had performed for their organisations. Being ambitious, however, they diversify at some stage. For instance, Mehra did not handle industrial licences at Creditcapital, but he does these today. At ICICI, Panchmia was in the merchant banking division, and was involved with the conceptualisation and creation of the OTC Market, and in discussions with the ministry of finance and SEBI on legislation for primary markets and new sources of finance. A far cry from what he is doing today.

Though the urge to be one's own boss is a strongly motivating factor, prospects of greater earnings are no doubt alluring, particularly given the high tax structure for the salaried class. Exact earnings of these independent operators are difficult to quantify, but most say monthly profits are several times what their annual salaries used to be. "If you're with an organisation," says 29-year-old Sandeep Sharma, "at the end of the day you're a salaried guy." Sharma quit his job as assistant vice-president, Citibank, turning his back to a Rs.15,000 salary, house, air-conditioned car and club membership. Having started ABC Investments, he has reason to be happy with his earnings. Chandrasekhar, for example, is now in a position to buy his own house in Bombay within three years.

Personal skills

Salaries look pitiful when compared to the commissions that can be earned from pushing a deal through. Mehra cites the example of a Rs.15 crore debenture deal at Creditcapital, for which the company raked in Rs.7.5 lakh. In a service industry where much depends on personal contacts and rapport, Mehra says that he began to wonder whether, "the client got money because of my organisation or because he deserved it or because of my own skills in conducting the deal." Mehra was inclined to believe in his own skills, considering the personal nature of the work.

As Shankar Sharma puts it, "If you're backed by a large organisation, doors open quicker, but finally it is the individual who counts more than the institution. On our own, we do exactly what the large banks do — match two parties, the lender and the borrower, and collect our commission. And then, I can offer the client money at a better rate since I don't have to spend as much on infrastructure as a bank like Citibank would." Delhi-based P.N. Vijay, who quit as head of Citibank's merchant banking division 18 months ago adds a note of caution: "Many people start well but don't sustain it. In a service industry every day is a new day, unlike in industry where you establish a product and keep it going." In any service business a client or two can keep the venture going and cover overheads in the first few months. But what thereafter?

Such issues were no doubt debated upon by the fledgling entrepreneurs — rarely is the decision an impulsive one. Shankar Sharma was quite definite when he joined Citibank that he would quit to

start his own venture after gaining experience and contacts. He gave himself a three-year time frame and ended up leaving in two. Roongta says he let the idea brew for a year before taking the plunge. In retrospect, Vora and Bhat wish they hadn't taken a year to make the move; "when we decided to leave, the market was buoyant, but by the time we left it had almost hit rock bottom," they sigh.

The right time

People tend to wonder as to when exactly to break away. Some feel that the longer one stays on the job, the more contacts one can make. Others believe that job security is most important. Mehra, meanwhile, points out that it's only when you're young and have no commitments can you afford to take chances with your career; the longer you wait the more difficult it becomes. Apart from taking advice from experienced people like Mani Subramaniam, a banker, Mehra wrote 500 letters to his contacts, including brokers and institutions, informing them of his decision to leave the bank. He received a 40 per cent response but that was enough to set him off.

Most also make sure they have some financial cushion to fall back on, for as Srikant Rajan explains, "During the first six months, it can be a touch-and-go situation." Kanaya worked out his expenses and decided he could survive for six to eight months without earning anything. Chandrasekhar got retainerships such as one with Choksi Tubes offering advice on company law.

Fortunately, the financial services field requires the minimum of infrastructure, though lots of personal goodwill. Chandrasekhar's only investment was Rs.10,000 for a telephone connection in his home which initially doubled up as his office. However, space seems to be the biggest constraint; most financial services agencies have perforce to be located in Bombay, the commercial capital where space commands an astronomical premium especially in areas close to the Stock Exchange or at Nariman Point, the city's prime commercial district.

Fledgling financial service agencies take time to build up their client base, often relying on people they have known through their organisations, or on family circles. Most young entrepreneurs hesitate to reveal clients' names to avoid jeopardising relations, or losing them to competition. Bhat and Vora had a "gentleman's agreement with the boss to not inform clients they were leaving" as the organisation was afraid of losing them because of the personal rapport they had with the two. Instead, Vora and Bhat approached relatives, among other people. Mehra's first client was one that Creditcapital had rejected — G. Sivaprasad Reddy of Niraj Petrochemicals. Today, his clients include the Tatas, the Manu Chhabria group of companies and Enkay Texofood. Chandrasekhar's Erudite Corporate Counsel Private Limited provides structuring and arrangement of finance for companies with turnovers ranging from Rs.10 crore to Rs.100 crore.

Mehra set up Vision Financial Services because he found himself getting compartmentalised





Bhat and Vora of Network feel they have to be in a position to take decisions on the spot in a personalised service like theirs, otherwise the client is dissatisfied

What it takes

Srikant Rajan and Roongta provide capital structuring, among other things, for large public limited companies like West Coast Paper Mills. Many clients initially place their confidence on more high-profile large institutions, but are drawn by personal goodwill to the people who leave these organisations. Young entrepreneurs also benefit from the fact that their larger counterparts refuse to handle deals they consider too small.

What does it take to succeed in this competitive field? Chandrasekar talks of Three Cs — confidence, competence and contacts — in that order. Mehra refers to Four Ds—dedication, determination, discipline and desire to succeed. Shankar Sharma, meanwhile, advises that it is important to forge contacts, and not only those that depend on the institution one has left.

In a fast growing money market, where money rotates at lightning speed, many young professionals are lured by the vision of the big buck. There are the honest as well as the unscrupulous fly-by-night operators. There are failures too and instances of people who have gone back to assume their corporate roles. But the youngsters who have left the security of well-paying jobs find little cause for regret — for now. ■

MENKA SHIVDASANI

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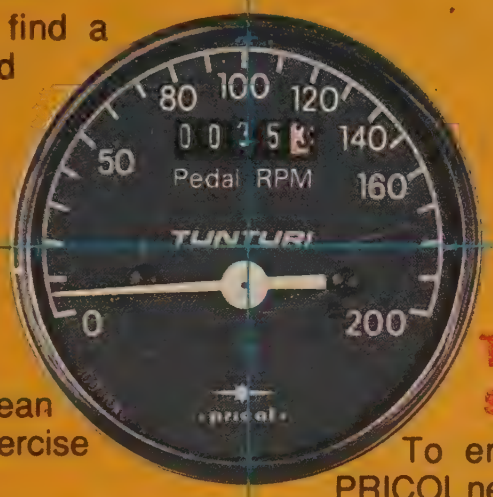
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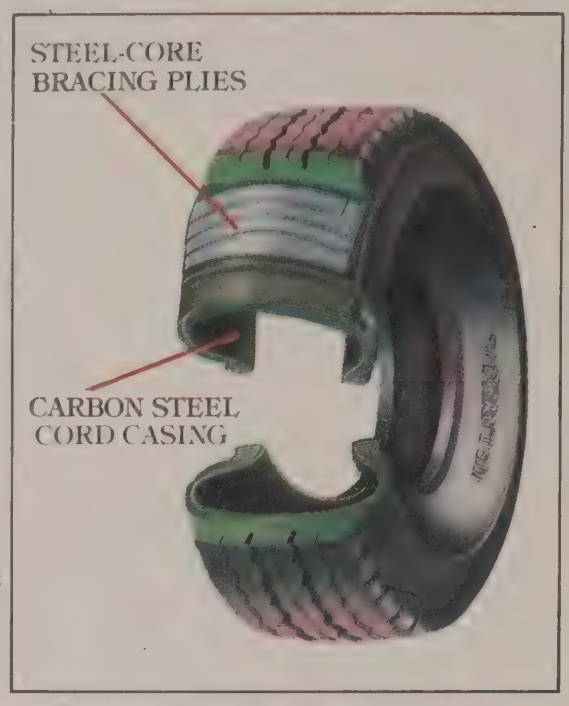
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1982-1991

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and buses? Has anyone followed Vikrant's treadsteps?

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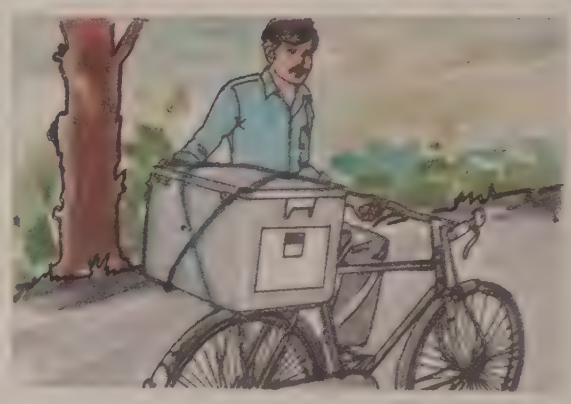
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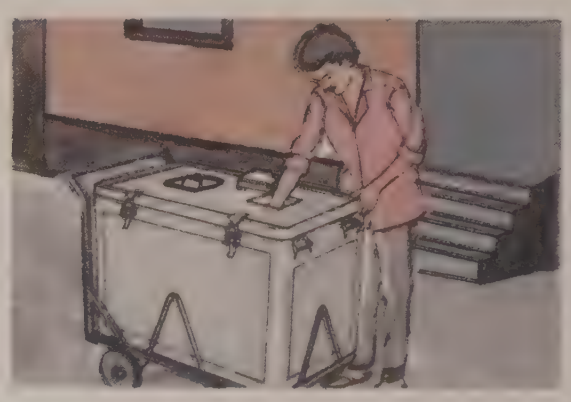
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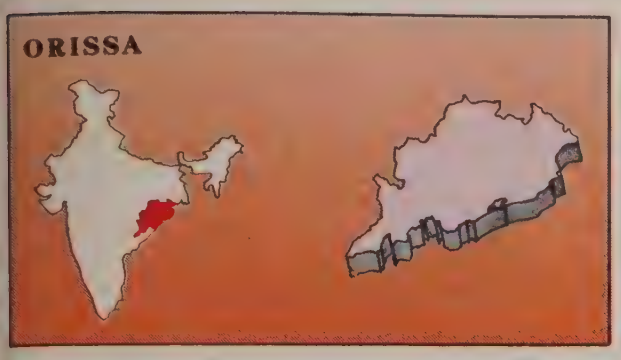
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PARADIP PORT

Doing well despite...

The Paradip port modernisation plan, presently lying with the public investment board, will be cleared soon, according to the Paradip Port Trust (PPT) chairman, P.K. Mishra. Encouraged by its continuous impressive performance in the last five years despite infrastructural constraints, the PPT has projected a sum of Rs.900 crore in investment during the Eighth Five Year Plan for modernising and expanding the port. Says Mishra, "The development projects, which are at various stages of completion, will begin to show results soon and I am optimistic about the outcome. The traffic handling capacity of the port will, also, definitely improve."

The projected investment includes a sum of Rs.560 crore for deepening, expanding and modernising the harbour. This is aimed at handling 170,000 dwt (dead weight tonnage) ships for export of iron ore and transporting coal from Orissa's Talcher mines to feed the three thermal power plants being set up in North Madras, Tuticorin and Mangalore.

The feasibility of deepening the port was established in the detailed project report prepared by the Hyundai Corporation of South Korea. Hyundai had offered substantial concessional credit and a long-term commitment to buy six million tonnes (mt) of iron ore that could be shipped from the modernised port. The proposal was shot down by the surface transport ministry. But with the new government in place a decision is expected to be made soon on how the modernisation plan will be implemented.

The aggregate capacity of the port was 6.05 mt at the beginning of the Seventh Five Year Plan. Since then there has been no addition to the capacity which comprises a non-interchangeable capacity of 5.2 mt for handling dedicated cargo like iron ore and fertiliser raw materials at their respective berths, and a residual capacity of 0.85 mt (in general cargo berths) for handling other bulk and break bulk cargo.

In 1990-91 the port handled 6.88 mt of cargo, thus considerably overflogging existing capacity. Says one PPT official, "The increase in the average waiting time for vessels, with the consistently high berth occupancy over the years, indicates a high growth potential. However, the existing capacity is a constraint on further growth in the port's traffic which affects its revenue earning capability."

Idle capacity

Paradip port opened in 1964 and was intended to mainly handle the export of iron ore. (The port was taken over by the Central government in 1965.) The last 25 years have seen considerable fluctuation in iron ore exports. The port, apart from three general cargo berths, has one mechanised iron ore berth with a 3 mt capacity per annum. The highest recorded export figure was 2.7 mt during 1975-76 and the least during 1983-84 at 929,000 tonnes. In 1990-91, it handled only 1.7 mt of iron ore, exported mainly to Japan. Says Dilip Mishra, traffic manager, "We are using only 40 per cent of the capacity. The rest of the iron ore handling capacity is idling."

However, the situation is exactly opposite when it comes to coal. The port is now busy handling thermal coal for the Tamil Nadu state electricity board which wants 4 mt immediately. The port can handle only 2 mt annually, due to lack of capacity — coal from Talcher goes all the way to Vizag port at an enormous cost. The immediate need is a bulk coal-handling system requiring three berths and mine loading systems — a proposal for these has been hanging fire for many years.

Another problem is the railway linkage — the route to the main iron ore mines is long and circuitious — 652 km to Barajamda via Kharagpur, 664 km to Bansapani and 661 km to Barbil. If the proposed Bansapani-Daitari link does come through, the distance from Paradip to Bansapani will be 324 km, to Barajamda 370 km and Barbil 379 km. But, this long standing demand remains a far cry. Besides, whereas the requirement of



The increase in the average waiting time for vessels indicates a high growth potential, but the existing capacity is a constraint on further growth in traffic — affecting its revenue earning capability

railway rakes for the port are 85 a day, the port gets only 50 rakes, lament port officials.

Despite these constraints, there has been a substantial improvement in the financial position of the port in the last few years. Its rate of growth of traffic handling at 11.3 per cent is the highest among all ports in India. According to R.N. Routray, financial adviser and controller of PPT, the income projected for 1990-91 is Rs.79 crore, expenditure around Rs.68 crore, net surplus Rs.11 crore and operational surplus Rs.23 crore. For the year 1989-90, the net surplus was Rs.8.03 crore and the operational surplus stood at Rs.23.56 crore. However, till 1989, the accumulated losses amounted to Rs.50.22 crore, which will reduce to Rs.45.22 crore in 1991. Says Routray, "By 2001, our accumulated losses will be wiped out. We are definitely in a good position, especially since 1988-89. Even if there are accumulated losses, my cash balance today is about Rs.60 crore in the bank."

One venture that has definitely helped the port strengthen its bottomline in recent times has been Paradip Phosphates



There has been a substantial improvement in the financial position of the port in the last few years. Its rate of growth of traffic handling at 11.3 per cent is the highest in India

PRIDE

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Ltd, a company set up as a joint venture between India and Nauru, has come to the rescue of the port. It pays around Rs.3.65 crore per year to Paradip port for use of the fertiliser berth and Rs.50 lakh towards hire charges for the conveyor belt system, totalling Rs.4.15 crore per year.

However, port officials say that for any further improvement in PPT's financial situation, it is imperative that it gets at least a part of the national oil product traffic. The investment for an oil terminal will be around Rs.8 crore. According to internal projections, Indian Oil Corporation (IOC) and Hindustan Petroleum Corporation Ltd (HPCL) have committed some oil product traffic to the port. By 1994-95, PPT will be handling about 5 mt of oil products annually from IOC and HPCL.

Natural constraints

The port has also to cope with in-built constraints like the siltation caused by the littoral drift towards the coast and the consequent deposit of sand in and around the port channel. Full-time dredging is necessary and the cost in 1990-91 amounted to Rs.5 crore — mainly because the Dredging Corporation of India increased their rates. The recurring expenditure to maintain a wall constructed to protect the area from erosion amounts to Rs.40 lakh annually.

Another handicap is that the port cannot accept ships beyond a certain size. The harbour can, at present, accommodate 60,000 dwt maximum size vessels, though users contend that the port limits entry to only 45,000 dwt vessels. After modernisation, the PPT hopes to accommodate 170,000 dwt ore carriers, with a loading draft upto 20.5 metres for year-round operation. The proposal is lying with the public investment board.

Despite the negatives it is hampered by, the port's growth potential is immense. The working group on the port sector for the Eighth Plan has projected a traffic of 21.56 mt through Paradip port by 1994-95. The Asian Development Bank which made a detailed study on the ports and shipping in the country (in conjunction with the Planning Commission) projected Paradip port to be capable of handling 44 mt by 2000 AD. A feasibility report by Haskoning of the Netherlands has recommended a three-phase development of the port to handle a consolidated requirement of coal to the thermal power stations of 10 mt per annum by 1994-95, 22 MPTA by 1997-98 and 36.8 MPTA by 2000 AD.

Container service

Paradip port is shortly going to introduce a container service for Nalco's aluminium ingots and the products of sea-food exporters. Sea Land, the giant American container operator, which withdrew its operations from the Calcutta port a few years ago, now proposes to serve the Paradip port.

If all the facilities are augmented as required — like increasing the draught from 14 to 17 ft and at some points to 21 ft, and building two multipurpose cargo berths, the oil terminal and a fishing harbour, then, "Paradip port will transform itself into the most important bulk handling port in the country," says Dilip Mishra. Adds P.K. Mishra, "This is the beginning of the real development of the port. I am optimistic that the Centre will clear our modernisation and expansion plans."

■ NAGESH RAO



CGSI

A facade crumbles

At the tiny, sparsely furnished office of the Consumer Guidance Society of India (CGSI) on Bombay's Azad Maidan, the atmosphere is as gloomy as the weather outside. Honorary treasurer A.M. Mascarenhas has just submitted his resignation in protest against the appointment of 24-year-old social worker Sobhana Williams as executive director of the Society.

Mascarenhas is the third senior official of CGSI to do so in the past six months; freelance journalist Sakuntala Narasimhan, who was one of the two vice-presidents of the consumer body, quit in December 1990 and Bakhtawar Lentin, a retired judge of the Bombay high court, stepped down as president barely three months later.

Worse, honorary general secretary Jehangir Gai is threatening to complain to the Greater Bombay Charity Commissioner's office about a number of irregularities alleged to have been committed by chairperson Chitra Sirur and former chairperson Renu Talwani. Clearly CGSI, formed 25 years ago to advise people who had suffered because of substandard goods or services, can use some guidance itself — particularly since it is no longer the colossus it used to be, in those days.

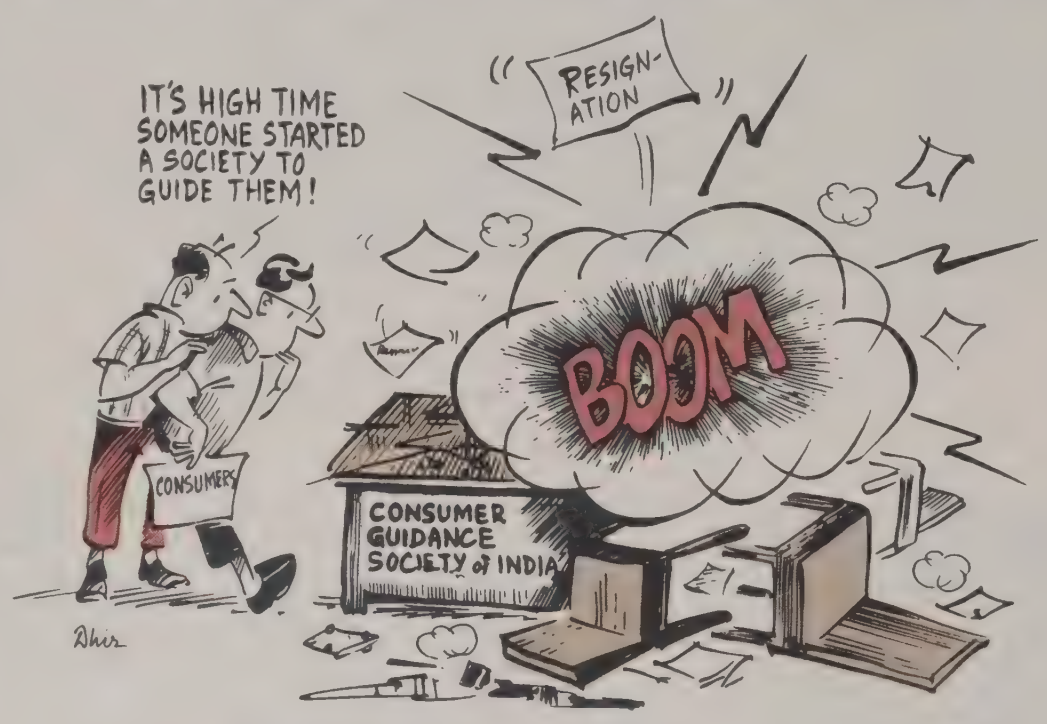
For the best part of last year, and perhaps for much longer, CGSI managing committee was able to keep the growing discontent firmly under wraps. But now in the harsh glare of adverse media publicity in the past two weeks, its facade of unity is being ripped apart.

Falling membership

The fear is that ordinary membership of the society, which has dwindled from 299 in June 1986 to a miserable 80 in March 1990, might go even further down. Obviously a lot of people decided not to renew their memberships at the end of the year — perhaps, because they do not receive so much as a letter acknowledging their membership.

When it was set up in 1966, CGSI was the premier consumer organisation in the country. But over the years, while newer organisations in cities like Ahmedabad, Jamshedpur and Bombay itself — Mumbai Grahak Panchayat is one — have turned highly vocal in their representation of consumer interests, CGSI has largely faded into the background.

Office-bearers, however, take solace from the fact that the number of life members has shown a slow but steady rise — from 859 in June 1986 to 1149 in March 1990. Not surprisingly, the funds available to CGSI have not gone up in the past few years; its income was Rs.1,39,721 in the year ended March 1987 and Rs.1,37,397.50 as on 31 March 1990. The only bright spot was 1987-88 with Indu Kale as chairperson, when its income had shot up to Rs.2,27,231. Its budgetary deficit too has swollen from Rs.1,675.50 in 1986-87 to Rs.39,504 in 1989-90. And there is no prospect of improvement in the near future.



The single most important reason for this sorry state, some insiders say, is that a small coterie among its office-bearers is lording it over the rest of the managing committee. A few examples:

• Vice-president Sakuntala Narasimhan was not informed of a managing committee meeting which the president Lentin, was expected to attend. When she protested, vice-chairman P.C. Batra, told her that she was only supposed to attend when she was invited, not otherwise. A day earlier chairperson Chitra Sirur had apologised to Narasimhan, saying that she (Sirur) had "forgotten" to tell Narasimhan that Lentin was coming. Soon afterwards she resigned as vice-president.

• Honorary treasurer Mascarenhas was pulled up for directly contacting Lentin and seeking his advice on a legal matter. The reason: Mascarenhas is also a member of CGSI complaints committee, and he had not sought permission from committee chairperson Pushpa Motwani. An acrimonious exchange of letters followed after which Lentin gave up the presidentship.

• When S.B. Sukthankar, a trustee of CGSI, requested a special meeting to discuss Lentin's resignation, he was ignored. His scathing letter on the subject to chairperson Sirur is expectedly gathering dust in CGSI office.

• Social worker Sobhana Williams was promised a job as executive director on 28 April, 1991 but the managing committee was informed only on 10 May. A number of committee members who opposed the appointment, saying they thought the society could not afford to pay her salary, were ignored.

• Honorary general secretary Jehangir Gai wrote several letters to Sirur, pointing out that a number of rules were being flouted but has received no replies to date. On the contrary, he was ordered not to have any correspondence with outside parties on behalf of CGSI.

• Vice-chairman P.C. Batra refused to talk to the media in the light of recent reports, preferring instead to wait for the chairperson to return from abroad.

Better organisation

Interestingly, the beneficiary of all this bickering has been the Ahmedabad-based Consumer Education and Research Centre (CERC), which has been going from strength to strength. At least two people, earlier associated with CGSI, have now forged closer links with the CERC. One is Narasimhan, who has attended several CERC workshops of late, and the other is Swaran Kohli, whom Narasimhan had once invited to join CGSI. With its annual budget of Rs.25 lakh and one of the largest legal libraries in the country, the CERC is obviously a better organisation to work with, than CGSI.

■ SUMIT GHOSHAL



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Shete involved himself in its management headlong, and now, twelve years later, the results are there for all to see. He has not only turned Radhakrishnan Offshore Pvt Co Ltd (ROL) into a money spinner, but has helped the company diversify into a new, profitable venture, Radhakrishnan Foodland Pvt Ltd (RFL). The combined turnover of the two companies last year touched Rs.13 crore.

Today, ROL employs 400 persons and provides offshore catering services to over 20 India-based foreign companies involved in onshore and offshore drilling and related activities. And Foodland's store, established three years ago in the posh Bombay suburb of Juhu, heralds the concept of elite supermarkets in Bombay city.

In command

When Shete took over the reins, not only had he to forgo his ambition of becoming a cadet but also had to quit academics to involve himself in the business. Many hardships had to be overcome — the most difficult one was to keep ROL going. His first major decision was to drop the idea of taking over a Madras-based company — a deal which his father had been negotiating shortly before his death. Says Shete, "I was in no position to take over another company, when I did not know how to run my own." Lack of professional help only aggravated the situation. "My father ran the company the way he felt like. He had his own set of rules. It was basically a one-man show," he adds.

Shete's first contract involved selling catering services to a ship. With no experience to back him, the only way he could bag the contract was by quoting a very low figure. In fact, after the contract had been executed, Shete realised that instead of having made money, he had lost a sizeable amount — about Rs.2.5 lakh. Says Shete, "It was a learning experience. I had to accept the contract in order to remain in business." However, the next year, in 1980, Shete bagged his first catering contract from the Oil and Natural Gas Commission (ONGC), to cater to Indian Petrochemicals Ltd (IPCL) officers in a small guest house.

What really got ROL going was a pres-



Shopping at Foodland: exotic products for status-conscious housewives



Shete: looking ahead to a bigger boom

tigious assignment to cater to 300 Japanese personnel of the Hitachi Zosen Co working in the Bombay High offshore oilfield. "It was a very difficult contract, which involved a lot of co-ordination. We had to even fly down two Japanese cooks," says D.P. Dalal, who looks after the entire offshore activities of the company. This helped to increase the turnover of the company from Rs.10 lakh to Rs.40 lakh in 1982.

The successful handling of the job proved a vital breakthrough for ROL in the area of providing contractual services to foreign companies in India. Thereafter, a number of foreign contracts were handled in direct competition with foreign contractors. The company also catered to American, French and Norwegian companies.

A go-getter

The reasons for success are apparent. Shete has the entrepreneurial drive of a go-getting businessman. Yet, unlike his father, he takes the advice of a core team of professional managers. This is in addition to ROL's good infrastructure facilities — its own warehouse for meat and canned goods, freezer and supply trucks. It has its own very high frequency (VHF) telecommunication network and also holds a licence for the import of foodstuff.

ROL has catered to several types of installations operated by foreign companies — geological survey vessels, onshore pipelaying camps and process platforms, among others. The companies which have availed of ROL's services include Global Marine Deep Water Drilling Co of the US, Hyundai Heavy Industries Co Ltd (South Korea), and Richter Drilling International Pvt Ltd (Australia). ROL operates also in the offshore areas of Madras, Paradip, Calcutta and Vishakapatnam and the onshore areas of Gujarat, Rajasthan, Orissa and Madhya Pradesh.

Shete realised in 1986, however, that with the offshore business boom stabilising, the scope for further growth was limited. But by then, his company had reached a turnover of Rs.4 crore and the only way out was to diversify. Hence he acquired the Gift Holding Co. The takeover enabled him to acquire a shop area of 3,500 sq ft in Bombay.

Located in Bombay's prime residential locale — Juhu — he had the benefit of several options. He toyed with several ideas one after the other — of starting a specialised restaurant, an exhibition hall, a business centre and a safe deposit vault. Although all the schemes seemed lucrative, Shete did not go all out on these ideas. It was then that the thought of a supermarket came to him. With government-run co-operative stores doing reasonable business, Shete felt that supermarkets — the western concept of stores — would be appreciated more.

So he launched RFL on 20 June 1988. With about 1,000 customers availing of the self-service system at the store every day, the Foodland supermarket has a daily turnover of about Rs.80,000. Apart from stocking a wide variety of food items available in grocery stores and vegetable markets at other outlets, Foodland stocks exotic products for the upper-income levels — broccoli, cherries, flavoured cheese, asparagus, bamboo shoots and bean sprouts. It is not surprising therefore to find the store exuding snob appeal. The "I was at Foodland last week", refrain is now common among status-conscious housewives residing in Bombay's posh localities.

Always prepared

Shete is prepared for this development. Says he, "People are beginning to understand the 'value added' concept. For it's not just the cost plus margin that decides the final price but also other tangibles and intangibles like hygiene and sanitation, the cost of service and the way you present and market the product." On an average, gross margins work out to between eight to ten per cent, which, after accounting for overheads, drops to between one to two per cent.

The success of Foodland prompted Virendra Doshi of Khaitan and Doshi (KD) Constructions to set up a similar superstore in Andheri. The builders were finding it difficult to sell the shop area at the residential building they had constructed. "We saw the success of Foodland and decided to keep the shop area for a superstore," says Virendra Doshi, partner of KD. Another outlet, Garware Supermarket, which opened two years ago is located in the posh Warden Road locality in Bombay. They have since opened two more stores in the middle-class localities of Malad and Borivali.

In a short span of three years, the city is suddenly flooded with supermarkets. But as Rajesh Chellai, manager, Garware Supermarkets, puts it, "Since the stores are located at different places, they cater to different clientele and each is successful in its respective area." The mushrooming of these stores is no deterrent to Shete, who hopes to increase the number of Foodland stores.

Says Shete, "I don't want Foodland to remain a one-store unit." He looks ahead, and believes that in 20 years, the country will be ready — both in terms of infrastructure and the attitude for organised retailing — for a bigger boom in supermarkets.

Whatever may be his plans, Shete is sure that he will deal with food. For it has been by supplying food — first to sailors and then to housewives — that the enterprising young man made his millions.

■ MAHIRA SHEIKH

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THE BEGINNING OF A SWEET SUCCESS STORY

PRESSMAN

Old aches, new remedies

Popping a pill into the mouth has never been a particularly good way to relieve the nagging ache of arthritis, the persistent agony of spondylosis, or the sudden excruciating pain of a sprained ankle. Relief is usually temporary, side effects numerous and damage to other organs of the body extensive.

Yet, for many decades, there was no alternative to the powerful painkilling medicines that most doctors continued to prescribe. Now there is. For the past five years, Bombay physiotherapists — Rambhai Patel, with his "hammer tone" and Ali Irani, with his "micro-electro-therapy" (MET) — have been offering effective nonmedicinal solutions to the thousands of people suffering from a wide variety of aches and pains.

Hammer tone involves literally hammering the painful joint with a soft rubber instrument. Millions of people develop minute scars in their muscles, cartilages and joints, as a result of microscopic injuries. These scars usually make any movement of the affected shoulder, ankle or knee extremely painful. In hammer tone therapy, these scars, or adhesions as they are called, are broken by gentle tapping at carefully selected spots. Treatment is usually given for durations of five to seven minutes each. Some feel better after one or two sessions. More chronic cases may need as many as 12 to 15 sittings. But virtually everyone gets some relief.

MET, on the other hand, is based on the fundamental assumption that the feeling of pain is an electro-chemical phenomenon and, is therefore alterable by applying electric current of the right magnitude. A conducting pad is placed on the skin where the pain is felt and electric current of one millionth of an ampere is passed through it. Each treatment session takes about 20 minutes, with the average patient requiring about five sessions.

Complementary therapies

In a sense, hammer tone and the more sophisticated micro-electro-therapy are complementary to each other. While hammer tone works better on the nagging backaches that affect most suburban commuters at some time or the other, MET is more effective on the sportsperson with a torn ligament who must get back to action before the hour is out.

Ali relates the case of a squash player of national repute who came to him with a twisted ankle. After just one sitting of MET, the sportsman called up to say that he did not feel any pain! Sangeeta Nayyar, Ali's colleague at Nanavati Hospital, Bombay, once treated a middle-aged lady who complained of shooting pains in her elbow. After one 15-minute session of MET, the pain which had tortured her night and day for more than a month disappeared without a trace. "I have seen joint swellings subside even before the treatment session got over," says Nayyar.

MET also works fairly well against persistent aches and pains. Ali's case files contain the story of Zenia Ayrton, who in 1986 was a 15-year-old aspirant to P.T. Usha's place in Indian athletics. But a few months after she nearly broke the national women's record for the 100 metre and 200 metre sprint, a nagging pain in her left calf threatened to keep her away from the tracks forever. For almost a year, a desperate Zenia tried every available means to overcome her disability. But when nothing worked, she reluctantly agreed to try MET. After just two sittings, her pain disappeared and Zenia was back on the tracks.

There are several such instances among the 200-odd cases in which Ali and his team have tried MET. Now, they have upgraded their equipment through a collaboration with the Institute of Biomolecular Education, California, which enables them to use a device called the "electro-acuscope" which analyses the electrical status of the diseased joint with the help of a microprocessor and designs the treatment accordingly. The results are naturally much better. In a recent study of 50 patients of chronic backache treated at Nanavati Hospital, nearly 45 got completely cured. Another 50 who received traditional forms of therapy found that their symptoms had returned within three months.

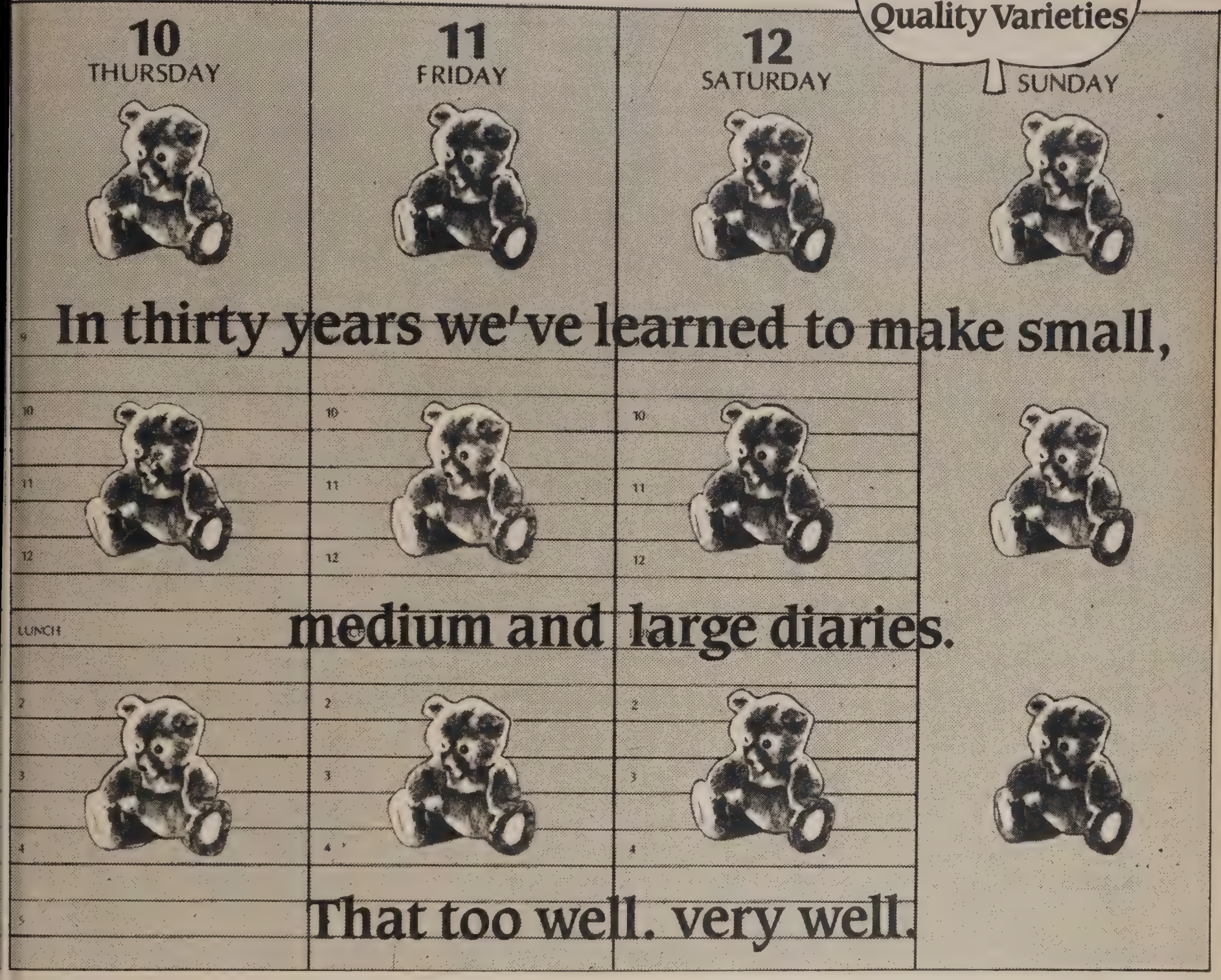
Patel, too, has come a long way with his hammer tone treatment in the half decade that he has been practising it. He had started with the sole of a rubber slipper which he had cut in half along its length. The kit bag he now uses contains at least half a dozen hammers of different shapes and sizes — all designed personally by him over the years. "Once in a way, a patient comes, whose needs are not fulfilled by the existing instruments and I end up designing a new one," explains Patel. Meanwhile Sai Surgicals Ltd, the Bombay firm which stocks Patel's kit has sold hundreds of them in both Maharashtra and Gujarat. And the physiotherapy departments in at least two medical college hospitals in Bombay (G.S. Seth and Lokmanya Tilak Memorial) have begun using hammer tone regularly. "I hope many more people will benefit in the years to come," says Patel.

■ SUMIT GHOSHAL



Patel with patient: fighting pain with physiotherapy

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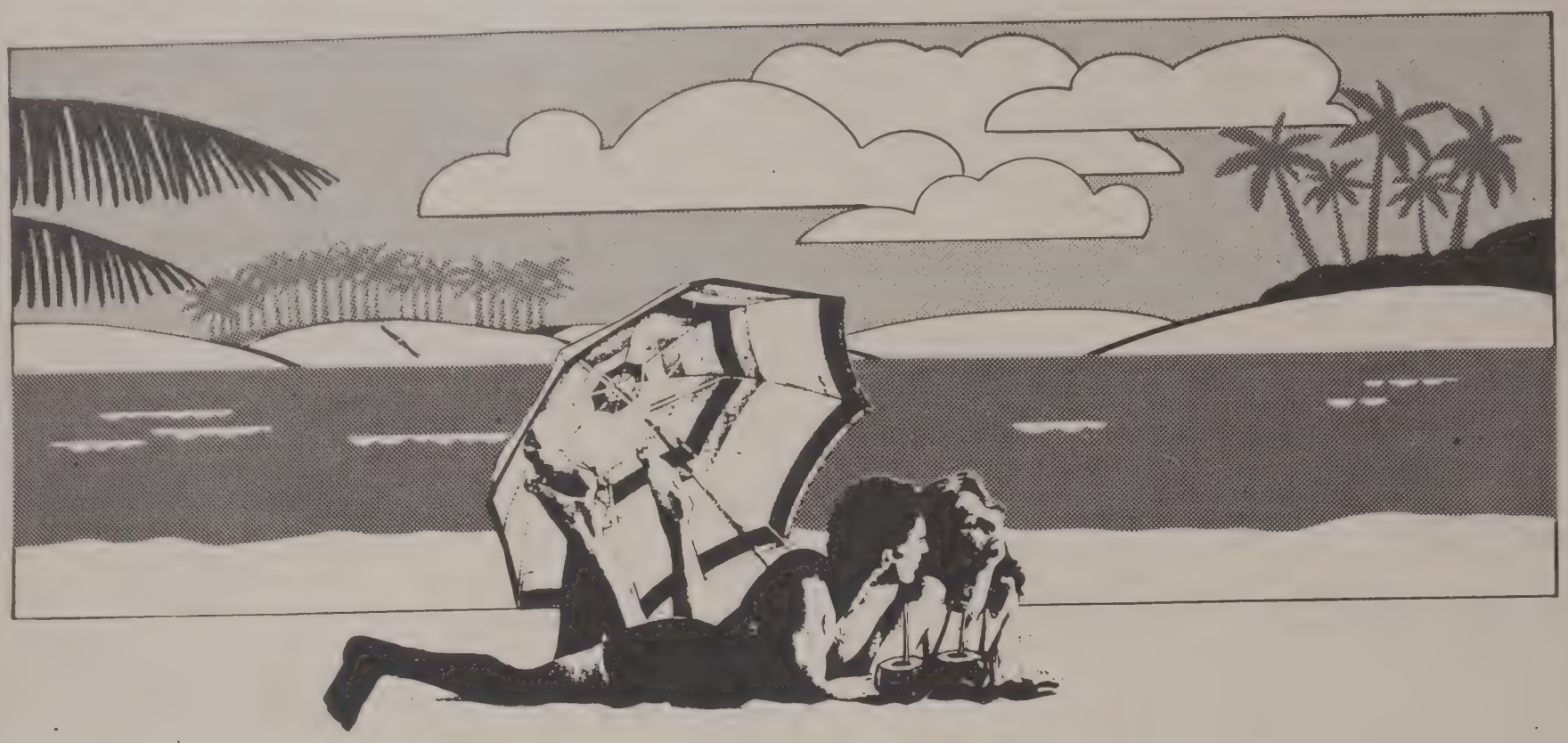
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BCCI

Mysterious to the end

On 5 July 1991, the lights stayed on all night at the Bank of Credit and Commerce International (BCCI) in Bombay as bank officials waited for the hammer to fall. That evening, there had been news on the Reuter's screens in the bank's foreign exchange department that its branches in London were being shut down by the Bank of England. Also, regulatory authorities in seven countries where BCCI has its largest operations — Luxembourg, the UK, the Cayman Islands, the US, France, Spain and Switzerland — resorted to direct action to take over the assets of the institution. Regulatory authorities in 60-odd countries where the bank operated, including India, were also informed.

Official notification

In Bombay, the first official notification of trouble came as a fax from the company's headquarters in Abu Dhabi early on the sixth morning asking its Indian branch to suspend operations. On the same day, the Reserve Bank of India issued a terse press release which said, "The Reserve Bank of India has been advised by the Bank of Credit and Commerce International (Overseas) Ltd that under instructions from their head office, consequent to the actions initiated by the regulators at Cayman Islands, the Bombay branch of the bank has suspended all payments and other transactions from 6 July 1991."

And thus was the bank, whose rise in the seventies and eighties was meteoric, to say the least, brought to a grinding halt. Started in 1972, by Aga Hassan Abedi, a Pakistani national, with a capital of only $20 million, it had acquired deposits of over $23 billion by end-1989. Its operations spanned 77 countries, including India.

For Brij Mehra, 31, an officer at the branch in Bombay, this was not trouble for the first time. Mehra and the other officials in the bank, have seen many ups and downs at BCCI. Mehra had joined the bank when it first opened its doors in India in 1984. It was extremely aggressive in its approach and the bank won, fairly rapidly, a large base of corporate clients.

In 1986, BCCI had its first run-in with the law here. The bank had committed a technical violation of banking regulations by conveying unsigned foreign travellers cheques to Al Saya, a Bombay-based travel agency, for a group of Haj travellers. When the agency was raided by the enforcement authorities, they found these. (It must be said in all fairness that there was no intention to defraud, because the cheques were being handed to the people named in the application forms.) But, BCCI, being the bank involved, got dragged into the fracas and subsequently investigated.

Some believe that the real target of the authorities at that time were the Ambanis of Reliance Industries. They were routing their share transactions, and reportedly some offshore deals, through the bank. The then chief executive, according to some employees (not Mehra), acted arrogantly and did not respond to requests for information. He later absconded. Mehra was only marginally involved: he had gone to help his colleague after the branch was raided by the enforcement authorities, found himself behind bars under COFEPOSA for his troubles. His crime: backchatting the enforcement authorities.

Later, though, when chargesheets were filed, none was filed against Mehra. The bank also decided to pay the fines that the enforcement directorate chose to impose. "What I really liked was the way the bank backed us. I know some other cases where banks chose to fire their employees," says Mehra.

BCCI has always had a reputation for sailing close to the wind, world wide. Before 1988, this could be dismissed as malicious propaganda. Abedi was a visionary. He was capable of urging all his bank's employees to donate 3.5 per cent of their salary to charity, when he designated 1984 as the "giving year". In a note to the employees, which was a homily on giving, he said, "It is in the medium of giving that life flows into life and God's divinity in all its embracing fullness, shines and rains softly, smoothly and blissfully on his creation."

Hardheaded tilt

But Abedi was not mysticism alone and even the bank's tilt towards Third Worldism could be hardheaded. For example, the bank stepped in to aid Jamaican prime minister Edward Seaga with $48 million when the latter's failure to repay old debts prevented the release of an IMF credit. BCCI brokered the credit's release and in return insisted that Jamaica's central bank put future business in its hands.

Abedi's close contacts in the Middle East enabled BCCI to tap the petro-dollar market. It also catered to the needs of migrant trading communities, especially from India and Pakistan. While they could not produce the traditional evidence of credit worthiness, BCCI considered them good credit risks.

The bank's strategy and rapid growth were bound to attract the ire of the international banking community. Then in 1988, some employees got involved in an elaborate sting operation mounted by the FBI. Nine bankers were arrested on charges of laundering drug money for agents posing as Colombian drug dealers. By then, Abedi had withdrawn from operations due to ill health.

Other American banks like the First Bank of Boston, Bank of America and Crocker National Bank have been charged with failing to report cash deposits and withdrawals of more than $10, 000, typically a sign of drug transactions. Yet, in their cases courts had accepted that these



Deepak Tolani

BCCI, Bombay: in the aftermath of the closure

were honest mistakes and there were no conspiracies at senior levels to launder drug money.

In the case of BCCI, the US customs officials insisted that the conspiracy went right to the top. The amounts involved in the BCCI case were small — $14 million over two years. Yet the repercussions of the episode were severe and BCCI's reputation as a pariah was confirmed. In the eyes of the international media it became the "cocaine bank". Much was made of the bank's connections with President Noriega.

Further humiliation

In 1989, the bank had to suffer the further humiliation of a bail-out. The Abu Dhabi government took over 77 per cent of the shareholding and pumped in fresh capital after the bank had to make loan loss provisions of $600 million.

In addition, BCCI's image took a further beating a few months ago when it was revealed that BCCI Holdings had surreptitiously acquired a controlling interest in First American Bankshares of Washington DC, one of the largest holding companies on the east coast. This acted to the detriment of both BCCI and the chairman of the bank, Clark Clifford. Clifford, a stalwart of the Democratic Party, denied any knowledge of the actual ownership of Bankshares. Subsequently, BCCI became the target of an investigation by a US subcommittee. In the final analysis, it may be said that American pressure has played a major part in the recent closure of the bank.

Yet, there were signs that major structural changes were being made in the bank. Both in India and abroad, a concerted attempt was made to clean up the image of the bank. The earlier "can do" attitude was dropped and every attempt was made to follow both the spirit and the letter of the law. B.N. Chowdhuri, who took over as general manager and chief executive officer in India, brought in his own team of senior executives.

The bank's major source of deposits is non-resident Indians, who account for Rs.225 crore of the total Rs.285 crore in deposits. The bank has been highly profitable and last year made a profit of Rs.5.23 crore. Price Waterhouse, auditors of the bank, refused to comment on its operations in the country, but it appears that they have been fairly tough and demanding. It is generally believed that the Indian branch's balance sheet is clean. While it is impossible to make out the extent of bad loans in the banks books, the auditors have been compelling it to write off bad loans against the bank's income.

In the week that followed the closure, Reserve Bank authorities examined a number of options about how to proceed with BCCI. One proposal has been that small depositors be paid an amount up to a maximum of Rs.10,000. The bank's depositors in India or those abroad who have invested in FCNR accounts have little to worry about. All FCNR deposits are guaranteed by the Reserve Bank. The bank is also highly liquid, with Rs.190 crore of its total deposits held in cash or near cash with the Reserve Bank as part of its statutory reserves.

Another option was to let the branch continue operations but as one of either a nationalised bank or another foreign bank. Says S. Murlidharan, manager and cour head, corporate banking, BCCI, "Our ture is closer to that of an internatio bank. It could be an interesting option a bank which doesn't yet have a branch the country." But that was not to be, for RBI has decided to liquidate the ope tions; The State Bank of India has been pointed as the liquidators.

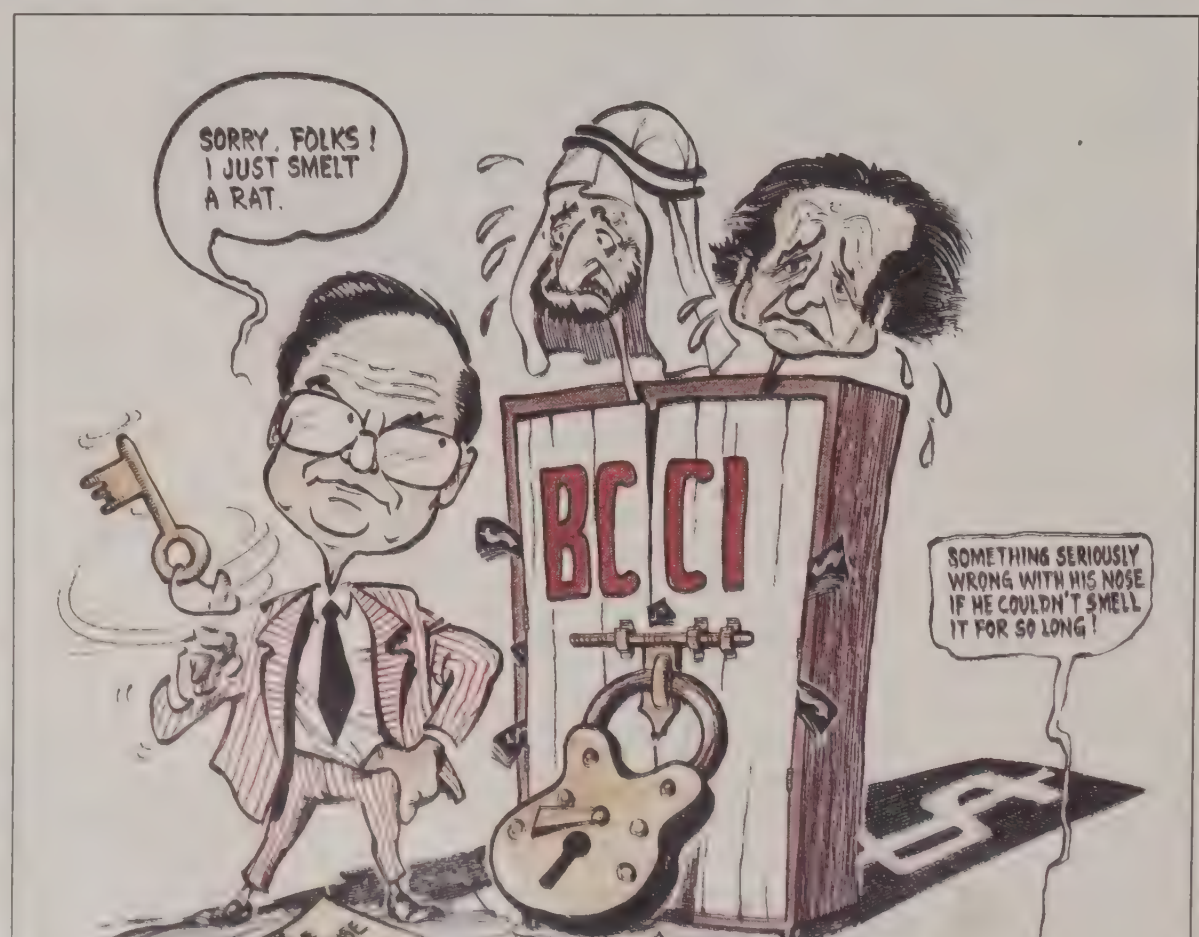
Slim chances of survival

Even abroad, the chances of the bank s viving as an entity are very slim, becau its greatest asset — ie, its good reputati - has been eroded over the years and n finally destroyed.

The severity of monetary authorities' a tion against BCCI is unparalleled. The i mediate provocation for the closure w allegations of fraud in England and a fe in Luxembourg that the huge operati loss suffered by BCCI in the year ende 1990 would impair the bank's viability. A cording to news reports — and these a conflicting — the action came after th discovery last March of "unrecorded d posits"; apparently, the bank had built a edifice of fraudulent loans and deposits t prevent discovery of serious flaws in it balance sheet.

The Bank of England was apparently in formed of these deposits by the new man agement of the bank, subsequent to th Abu Dhabi govern ment's takeover. Th British central ban then asked Price Wa terhouse, who too over BCCI's audit i 1988, to conduct a investigation. Th contents of auditors report have not beer made public, but th impression created i the western media b these two bodies i that a fraud of enor mous proportions was being perpe trated by BCCI.

One part of this was a 'Ponzi' scheme by which the bank at tempted to hide its losses. It took de posits but didn't ac tually report them in its books, and used them repay earlier deposit holders. It is said in certain circles





A branch in London: fraud charges unspecified

hat the very complexity of BCCI's organ-sational structure made it possible for it o carry on a long-running deception; it ould veil irregularities with funds being huffled from one subsidiary to another.

nsufficient funds

after the fraud was reportedly discovered, rice Waterhouse decided that BCCI's cap-tal was not sufficient to meet capital ade-quacy norms established by the Bank of nternational Settlements at Basle in witzerland, though not by a large margin.

BCCI did have a complex structure but t was in the process of being strengthened with the entry of the Abu Dhabi govern-ment. Earlier, BCCI SA Holdings, the uxembourg-based holding company, had wo major subsidiaries — BCCI SA at Lux-mbourg, and BCCI, Cayman Islands. hese subsidiaries, in turn, had either wholly-owned subsidiaries or affiliates in 6 countries.

After the holding company suffered ma-or losses in 1989, the government of Abu Dhabi bought into the bank. The head-quarters of the bank were moved from ondon to Abu Dhabi and a major reor-anisation was being put in place. Unfor-unately, the Bank of England did not pproach the new owners of the Bank and ee whether they would be willing to bail it ut.

Comments in the Asian community bout the role played by the British mone-ary authorities and Price Waterhouse nave been acerbic. Most Asian business-men feel that the true story will never emerge. A chartered accountant in London, contacted by *Business India*, pointed out that the Bank of England was willing to keep a British bank like Johnson Mathey afloat when there had been clear indication of fraud in its operations. Interestingly, the shareholding of the bank was recently taken over by the Bank of England for the princely sum of one pound. Again, while the Americans had been screaming from the rooftops that there was something wrong with BCCI, there was no indication of anything of the sort from the US auditors. They had signed three sets of accounts, in 1987, 1988 and 1989. These were not even qualified in any substantive manner.

The auditors' report attached to BCCI's 1989 balance sheet clearly mentions, "In our opinion the consolidated accounts give a true and fair picture of the financial position at December 31, 1989." A note to the accounts only stated, "The government of Abu Dhabi has subscribed $400 million for new shares and acquired a major holding from an existing shareholder, such that together with related institutions they now hold 77 per cent of the holding company. They advised the directors of their intention to maintain the group's capital base whilst the reorganisation and the restructuring necessary for its continued development is undertaken."

Pointer to wrongdoing

Ian Brindle, a senior partner of Price Waterhouse, told the *Financial Times* in London, that very fact of the government of Abu Dhabi pumping in such a huge sum points to something being seriously wrong at BCCI. "If people don't find that interesting, it would take a lot to get them excited," he said.

In the meantime, Asian businessmen are struggling to find new banks to bank with which is proving no easy task. The government of Abu Dhabi may cobble together a mosaic of the few profit-making banks still left in the group. Yet, the dream of putting together a large, truly Third World bank is surely destroyed for the time being. And in Bombay, Brij Mehra and his colleagues at BCCI are wondering what the future will bring.

■ EAPEN THOMAS

IBM & APPLE

Foes turned friends

After a decade of establishing their hegemony in their respective spheres, the two rivals, International Business Machines (IBM) and Apple Computers Inc. have joined forces to develop a range of hybrid personal computers. These former competitors were pushed into this alliance due to the rapid changes in the computer industry. Both face similiar problems: declining market shares, relentless low cost competition and rapidly aging technologies. Market shares of both the companies together add up to 38 per cent in the PC segment, down by 20 per cent in recent times. And now, consumers base their preferences not on the brand name but on the price tag. In this context competition between the two had become pointless, and they began to contemplate the unthinkable joining forces.

The partnership deal

The terms of the potentially powerful partnership were drawn up after weeks of negotiations to plug large loopholes in their product lines and product positioning in the future. The agreement includes developing an advanced operating system, which will work on both the Apple and IBM line of computers. It also provides for Apple's user friendly Macintosh system to be fully integrated into the IBM product line. Apple will also have access to IBM's advanced high-speed microprocessors. Lastly, the two companies will jointly develop a range of high powered, multimedia hardware and software products.

The latest of IBM's alliances (it has partnerships with Siemens, Wang and Motorola, among others) with Apple is the most tenuous to date, as it has to stand the test of two totally different corporate cultures. But if it succeeds, it will have very far-reaching consequences for the computer industry worldwide. As it stands the alliance seems right for now and both have vested interests in making the marriage work.

■ AROON SARKER

Bellary Steels

A 10 per cent maiden dividend; change in depreciation policy pushes up profits by Rs.1.71 crore; the company holds five months scrap stock; plans backward integration by setting up sponge iron project; rights-cum-public issue of convertible debentures proposed

Bellary Steels, a south-based mini steel plant, has declared a maiden dividend of 10 per cent, perhaps with a view to its forthcoming rights-cum-public issue of convertible debentures during the last quarter of 1991. The funds so raised (Rs.12.77 crore including 15 per cent over-subscription) will be utilised to part finance backward integration plans of setting up a 60,000 tonne per annum sponge iron project costing Rs.45 crore.

During the year ended 31 March 1991, the company's bottomline rose fourfold, on account of lower depreciation and tax liability and also due to write back of excess depreciation provided earlier (Rs.1.33 crore). The company changed the depreciation method from the written down value method to the straight line method resulting in depreciation charges being lower by Rs.38 lakh. But for this piece of window-dressing, EPS would have been Rs.3.3 as against Rs.7.8 declared.

Bellary Steels *(Rs crore)*

Year ended	31 Mar '91	31 Mar '90	% change
Net sales	28.21	20.87	35.20
Other income	0.12	0.12	
Excise duty	2.14	1.40	52.90
Raw materials consumed	19.92	15.69	27.00
Power and fuel	2.14	1.72	24.40
Employee costs	0.48	0.36	33.00
Other expenses	3.03	1.91	58.60
Interest	2.12	1.27	66.90
Depreciation	0.61	0.88*	(30.70)
Tax	0.05	0.12	(58.30)
Net profit	2.89	0.61	373.80
Equity capital	3.79	3.47	
Reserves and surplus	3.15	0.66	
Borrowings	24.29	7.23	
Gross block	10.96	4.38	
Net current assets	30.91	11.17	
Dividend (%)	10.00		
Market price (Rs.):			
Current	42.00		
1990: High	45.00		
Low	19.00		

Capacity utilisation improved from 58.6 per cent to 75 per cent as production of steel ingots/billets increased to 36,187 tonnes (28,110 tonnes). Due to competitive market conditions, the company could not fully pass on escalation in production costs. However, the company pushed up sales volume of its steel ingots and billets by 12 per cent and that of steel structurals and re-rolled products by over threefold times. Despite the declining value of the rupee, the company's average cost per tonne of steel scrap declined by 2.3 per cent to Rs.4,348 (Rs.4,448).

In a move to improve profitability, the company has taken up production of alloy and special steels. In order to step up production and broad-base the product range, the company plans to install secondary steel making facilities through the ladle refining furnace route. The company is not likely to be much affected by the RBI's measures to cut down imports. It has already built about five months' scrap requirements and is hopeful of obtaining another four months' requirements from MMTC. However, the company's working is likely to be affected by a month of labour problems that lasted till mid-April 1991.

The scrip's 1990 high-low quotations being Rs.45 and Rs.19, it firmed up during the last few months on expectations of maiden dividend.

Madras Cements

Capacity utilisation up 5 and 9 points respectively at the Tamil Nadu and Andhra Pradesh plants; average price realisation per tonne up 27 per cent; carry forward deficit wiped out; re-entry into dividend list

While demand projections for cement by the end of the Eighth Plan, ie by 1994-95, vary between 64 to 69 million tonnes (mt) per annum, the effective installed capacity is put at around 57 mt. Given an average industry capacity utilisation of 80 per cent, the additional capacity of around 25 mt needs to be provided for to keep pace with demand during the Eighth Plan, of which, say, 12 mt capacity is under creation. The likely development in new areas such as concrete roads, canal linings, exports and strengthening of the rural marketing network will all go to ensure a steady growth in demand which in turn will keep price realisations propped at remunerative levels.

For Madras Cements, the year end March 1991 has seen a dramatic improv ment in performance. Capacity utilis tion at the Tamil Nadu and Andh Pradesh plants stood at 119 per ce (114 per cent) and 83 per cent (74 p cent) respectively. The average price rea isation hardened considerably Rs.1,272 per tonne (Rs.998.90 per tonne These factors apart, a 3 point drop power and fuel charges, a 7 per cent d cline in borrowings and the interest bu den declining by 4 per cent, all improve efficiency at the operating level. The co lection period in terms of debtors also d clined by nearly 5 days being at a average of 12 days (17 days) leading to tighter working capital management.

Madras Cements *(Rs crore)*

Year ended	31 Mar '91	31 Mar '90	% change
Sales	139.36	101.26	38
Other income	0.55	0.85	−35
Power and fuel	33.93	27.34	24
Raw materials consumed	13.69	12.03	14
Employee costs	5.44	4.21	29
Operating profits	42.05	25.47	65
Interest	13.74	14.27	−4
Gross profit	28.31	11.20	+ 153
Depreciation	10.61	10.52	+ 1
Net profit	17.70	0.68	
Equity capital	3.02	3.02	
Reserves and surplus	30.45	13.26	
Debt equity	2.47:1	5.46:1	
Carry forward deficit		−5.74	
Net current assets	31.70	14.09	
Dividend (%)	30.00		
Market price (Rs.):			
Current	4,700.00		
1990: High	4,100.00		
Low	500.00		

Profit margins at operating and gross level rose by 5 and 9 points respectively On a low equity base of Rs.3.02 crore, the company earned Rs.590 per share of face value of Rs.100 (as against a below-par earnings of Rs.22.67 in the previous year). The carry forward deficit of Rs.5.74 crore has been comfortably wiped out and preference dividend arrears have been cleared making way for a swollen book value of Rs.1,115.67 per share (Rs.542.67). A dividend of Rs.30 per share (nil) requires a payout of merely 5 per cent.

The scrip has been scaling dizzy heights

in the last one year. Lying subdued at Rs.550 in January 1990, it touched Rs.4,000 by November and subsided again to around Rs.3,300 in December 1990. Opening at around the same level in January 1991, it moved up steadily in anticipation of a good performance and shot through the Rs.5,000 mark in end May 1991. It now quotes at Rs.4,700 (12 July 1991) discounting latest earnings eight times.

For the first two months of the current financial year, production got off to a good start totalling 207,000 tonnes at both plants. Capacity at the Tamil Nadu factory is being enhanced by 100,000 tonnes (to 513,000 tonnes per annum) at a cost of around Rs.23.5 crore. Financing will be by way of internal accruals and assistance from financial institutions. While this will increase the interest burden, equity will remain the same. The additional capacity is expected to go on stream during the second quarter of 1992 and will thereby add to the turnover for the year ended 1993.

Bajaj Auto

Announced a dividend of 100 per cent for the year 1990-91, which is 10 points lower than the previous year's dividend; performance too has slipped compared to the previous year; the Gulf-War, the political uncertainty and the hike in petroleum prices have taken their toll on the company; swollen inventories, 92 per cent higher than the previous year, have led to production cuts, as a result of which 4,000 temporary workers had to be laid off

On the positive side, Bajaj Auto has managed to reduce the imported content of its raw materials from 30 per cent to 20 per cent. This has caused a 46 per cent drop in the need for foreign exchange for raw materials. Even though this has not shown up in the final analysis for the year 1990-91, it should make a big savings for the year 1991-92. On the other hand, even though exports make up less than two per cent of sales, they have doubled from Rs.10 crore to Rs.21 crore in one year.

The sum total is lower margins for Bajaj Auto. Margins have shrunk from 19 per cent to 16 per cent, and 16 per cent to 14 per cent respectively. The net profit margin has dropped from 6 per cent to 4 per cent.

The company is of interest to an investor because it is operating on a very low equity base of Rs.18.9 million shares of Rs.10 each, its shareholders earning Rs.29.97 per share. This is lower than the previous year's EPS of Rs.34.63 per share, but the company has maintained its payout ratio of 33 per cent. The company will make up for its lower dividend to its shareholders by capitalising Rs.18.81 crore from its healthy reserves and presenting it to the shareholders in the form of a 1:1 bonus.

Bajaj Auto's prospects will depend on the ability of the company to maintain the leadership position in the industry with its newly introduced models of scooters (50cc and 150cc) and motorcycles (the 100cc four stroke Kawasaki Bajaj). The company is already showing its muscle in the motorcycle industry by increasing its market share from 19 per cent in the July-December 1989 period to 27 per cent in the corresponding period of the year 1990. The company already has 90 per cent of the three-wheeler market.

Bajaj Auto			(Rs crore)
Year ended	31 Mar '91	31 Mar '90	% change
Sales	1,154.99	1,014.39	14
Other income	64.91	50.26	29
Excise duty	221.38	167.77	32
Raw materials consumed	567.88	485.27	17
Employee costs	83.16	72.47	15
Interest	25.09	24.50	2
Depreciation	69.44	62.49	11
Tax	36.00	36.00	
Net profit	56.34	65.10	– 13
Equity capital	18.81	18.81	
Reserves and surplus	297.90	261.22	
Borrowings	220.01	170.90	
Net block	287.64	287.83	
Net current assets	145.58	88.90	
Dividend (%)	100	110	
Market price (Rs.):			
Current	582.50		
1990: High	770.00		
Low	355.00		

ECE Industries

Maintains dividend despite 21 per cent decline in net profit; borrowings substantially higher due to delay in payments from electricity boards; elevator division likely to turn corner; improved working expected

ECE Industries has suffered a setback for the year ended 31 March 1991 on account of higher interest and depreciation charges. The company, however, maintained dividend of 18 per cent.

Of total sales of Rs.89.35 crore, transformer sales account for 43 per cent and the lamps division another 29 per cent. Sale of meters and switch control boards to various electricity boards also contribute 17 per cent of total sales. The working of the transformer division of Sonepat factory was, however, affected by communal disturbances and a transporter's strike affected flow of raw material and finished products.

The working of the lamps division, on the other hand, was affected due to non-availability of LPG and other petroleum products. The company could not commence using the newly imported lamp blowing machine as arrival of the old furnace was delayed. Production of fluorescent lamps was affected by local disturbances and the non availability of fluorescent powder. Unit sales realisation improved by 21 per cent in case of GLS lamps and by 24 per cent in case of fluorescent lamps.

During the year, income from sales and services (net of excise) improved by 17 per cent and other income more than doubled. The company was able to pass on escalation in input costs and other overheads as indicated by a 22 per cent

ECE Industries			(Rs crore)
Year ended	31 Mar '91	31 Mar '90	% change
Net sales and services	78.55	67.18	17
Other income	2.55	1.11	120
Excise duty	10.80	9.89	9
Raw materials consumed	46.87	40.27	16
Employee costs	7.21	6.66	8
Other expenses	15.51	11.92	30
Interest	5.24	2.94	78
Depreciation	1.99	0.97	105
Tax	1.40	1.90	– 26
Net profit	2.87	3.62	– 21
Equity capital	3.82	3.82	
Reserves and surplus	28.59	22.41	
Borrowings	40.69	21.28	
Net block	30.08	28.46	
Net current assets	42.92	26.42	
Dividend (%)	18.00	18.00	
Market price (Rs.):			
Current	73.00		

rise in operating profit. Gross profit declined by 4 per cent as interest costs increased by 78 per cent. Profit before tax declined by 23 per cent as depreciation charges were substantially higher.

There has been delay in payments from various electricity boards. Sundry debtors during the year increased from Rs.22.77 crore to Rs.33.38 crore. Additions to gross block amounted to Rs.3.61 crore. As a result, the company's borrowings was higher by Rs.19.41 crore. This resulted in higher interest charges during the year under review.

The company is hopeful of achieving better results during the current year. The lamps division is expected to improve its working further. The elevator division is likely to turn the corner. Work on railway electrification will be completed during the current year and the company has received a contract for Rs.8 crore.

TRENDS

Tata Press

Tata Press is in the business of printing documents like annual reports, prospectuses of capital issues and other stationery goods. The company has announced its results for the six months ended March 1991. Sales have diminished slightly for the current six months compared to the corresponding six months for the previous period.

Profitability has been very low for the company, but they have managed to keep afloat thanks to their profit from operations. However, with 63 per cent of their operating profit being eaten up by interest (last year's interest put them in the red), gross profit for the current period has shrunk to a dismal Rs.0.53 crore. However, it should be noted that the company has decreased its losses from the corresponding previous period.

Inspite of the poor performance, the Rs.10 scrip reached a high of Rs.55 and a low of Rs.35. Currently the scrip is trading at Rs.45.

Tata Press *(Rs crore)*

Year ended	Oct 90 - Mar 91	Oct 89 - Mar 90	April 89 - Mar 90
Net sales & Other Income	10.29	10.68	20.59
Materials consumed	4.62	5.39	8.99
Salaries and wages	1.90	1.86	3.80
Operating profit	1.47	0.74	2.36
Interest	0.94	0.96	1.74
Gross profit	0.53	– 0.22	0.62
Depreciation	0.65	0.64	1.18
Tax			
Net profit	– 0.12	– 0.86	– 0.56
OP/sales (%)	14.29	6.93	
RM/sales (%)	44.90	50.47	

Mahavir Spinning Mills

Mahavir Spinning Mills produces cotton and acrylic yarn, as well as sewing thread. The company has improved its performance for the period ending March 31, 1991 compared to the corresponding period of the previous year. Even though the company is not a large exporter, sales have risen by a healthy 21 per cent. The unaudited results show a surprising 3 per cent drop in cost of materials. This has led the cost of materials as a percentage of sales to drop by 10 percentage points.

Profitability however, has strengthened for Mahavir Spinning Mills, in line with other mills in the industry. Operating profits soared by 55 per cent from Rs.12.59 crore to Rs.19.52 crore. Similarly, operating margins too have increased by 5 percentage points. But a larger interest burden, and a doubling of the depreciation expenses have brought the net profit margins down to previous year levels. However, cash earnings per share have shot up from Rs.141.98 in the current six months, compared to Rs.222.43 in the corresponding previous six months.

Mahavir Spinning Mills *(Rs crore)*

Year ended	Oct 90 - Mar 91	Oct 89 - Mar 90	April 90 - Mar 91
Net sales	91.79	75.58	141.33
Other income	0.27	0.89	0.56
Materials cost	37.46	38.65	71.48
Salaries and wages	6.00	5.09	9.07
Operating profit	19.52	12.59	23.84
Interest	2.90	1.83	3.39
Gross profit	16.62	10.76	20.45
Depreciation	3.40	1.70	3.51
Tax	5.81	3.86	6.70
Net profit	7.41	5.20	10.24
OP/sales (%)	21.27	16.66	16.87
RM/sales (%)	40.81	51.14	50.58

The scrip has moved between a 199 high of Rs.103 and Rs.230. It is currentl trading at Rs.190 (7 June 91) discountin earnings 1.25 times.

RESULTS ANNOUNCED

Tata Tea

Dividend up 41 points; export earnings around Rs.90 crore; completes acquisition of Conscofe

Tata Tea has posted a 13 per cent higher income of Rs.307.10 crore with net profit up 24 per cent to Rs.51.58 crore for the year ended March 1991.

With this, the EPS is Rs.30.18 (Rs.24.28) and payout has almost tripled to 70 per cent (25 per cent) to pay a dividend of Rs.10.10 per share. The share price at Rs.325 discounts earnings 10.8 times.

Consolidated Coffee has now become a subsidiary of Tata Tea who has acquired a major shareholding of 52.40 per cent. The company's Haldia project is under implementation while the rights issue to part finance the same awaits CCI consent.

Bharat Forge

Dividend maintained at 30 per cent; impressive export performance; EPS up by Rs.4

Bharat Forge, of the Kalyani group, has emerged as a leading forging company in the country. The company's turnover for the year ended March 1991 is pegged at Rs.247.09 crore, representing a growth of 26 per cent. At net levels, profit after tax has increased by 46 per cent to Rs.14.42 crore yielding an EPS of Rs.10.12.

The company's exports have recorded an increase of 68 per cent, from Rs.16.92 crore to Rs.28.45 crore.

TISCO

Saleable steel declines marginally by 3 per cent; profit margin at gross level rises by 2.3 points but stagnates at net level

Turnover at Rs.2,330.83 crore (up 9 per cent) yields a gross profit of Rs.375.16 crore (Rs.294.62 crore). With tax provi-

sion almost trebling on account of the abolition of investment allowance and the restriction to 75 per cent of the claimable depreciation allowance, net profit margins have remained static at 7 per cent. EPS at Rs.6.96 has also therefore stagnated while dividend is up by one point to Rs.3.10 per share (Rs.3). With exports pegged at Rs.206 crore, net forex earned is a mere Rs.58 crore.

During the period under rewiew, the 80-tonne energy optimising furnace has been commissioned. Work on the blast furnace, the hot strip mill and the split location cement plant is underway.

Bombay Dyeing

Exports up 36 per cent; profit margins firm up

Gross profit margin is up seven points to 13.7 per cent on a turnover of Rs.457.17 crore (up 16 per cent). On an ex-bonus equity of Rs.22.48 crore, the company has earned Rs.15.97 per share (Rs.19.59) which works out to Rs.31.95 on cum-bonus equity. Dividend per share at Rs.3.00 (Rs.4.00) equals Rs.6.00 on cum-bonus equity. Payout has eased to 18.8 per cent (20.4 per cent). The scrip quotes at Rs.197.50, discounting these earnings 12 times. Exports at Rs.69.68 crore has made a significant contribution to the bottomline. Meanwhile, the foreign collaboration proposal for the expansion of the DMT plant to 100,000 tonnes a year has received clearance and implementation is underway.

J.K. Synthetics

Even cement, being an integral part of this Singhania group company's product-mix, fails to prevent the bottomline from slipping deeply into the red for the year ended March 1991

Excise duties on PFY/NFY have been hiked while the market for nylon tyre cord and acrylic fibre was sluggish. This is while interest and depreciation charges rise steeply due to the new complex for the latter two products commissioned at Jhalawad. Small wonder then that cement was unable to exert its influence on the overall performance. With sales down by 22 per cent to Rs.643.4 crore, gross profit earned was Rs.25.28 crore (Rs.33.68 crore). With a higher outgo on depreciation, the net loss was Rs.45.50 crore as against a net profit of Rs.7.02 crore in the previous year. The scrip now quotes at Rs.33.

Reliance Industries

Turnover crosses the Rs.2,000-crore mark; margins look up; dividend maintained at an easier payout

For the year ended March 1991, Reliance earned a gross profit margin of 23.14 per cent (22.90 per cent) on a turnover of Rs.2,104 .89 crore (up 13 per cent). On an equity base of Rs.152.14 crore, the company has earned Rs.8.25 (Rs.5.95) per share and will distribute Rs.3 per share as dividend. Payout has eased from 50 to 36 per cent. The scrip currently hovers around Rs.136.50, discounting these earnings 16.5 times.

IN BRIEF

Indian Charge Chrome's plant has achieved 93 per cent capacity utilisation by producing 3,875 tonnes in May 1991. It has also been granted a reduction in transmission loss charged on the power fed by it to the state grid. In monetary terms this will result in savings of more than Rs.5 crore annually.

BSES has been sanctioned foreign currency loans aggregating $268 million to part finance its 500 MW power station at Dahanu by both the World Bank and the International Finance Corporation.

Bajaj Auto has recommended the capitalisation of Rs.18.81 crore, of the free reserves amounting to Rs.297.90 crore, by a bonus issue in the ratio of 1:1.

Deepharma is going in for expansion and diversification in injections, capsules and tablets for which it will issue rights shares in the ratio of 2:1.

Suman Motels plans to diversify into the chemicals and computer parts business. The company's EPS for the year ended March 1991 works out to Rs.2.09 (31 paise).

G.M. Mittal Stainless Steel is replacing its ingot casting with continuous casting machine at a cost outlay of Rs.11 crore. To part finance this, the company will make a rights cum public issue of convertible debentures aggregating Rs.6 crore.

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Ross Murarka Finance

Ross Murarka Finance Ltd, an eight-year-old leasing and hire purchase company, issued fully convertible debentures of Rs.200 each for cash at par totalling Rs.10 crore.

The company will offer Rs.5.26 crore worth of debentures to its existing shareholders through a rights issue by issuing one debenture for every five shares. The balance of Rs.4.74 crore will be offered to the public. The debentures will be fully converted to 10 equity shares of Rs.10 each at a premium of Rs.10 per share six months after allotment or by end March 1992.

The company has two divisions — leasing and hire purchase and publications. It also offers property development schemes — Swargapuri township in Madras is one of them. Its profits have grown from Rs. 1.08 crore in 1985 to Rs.4.83 crore in 1989-90 (18-month period). The dividend declared has risen from 21 per cent in 1985 to 30 per cent in 1989-90. Says Ross Deas, managing director, "We have tied up Rs.10 crore worth of business already with blue chip clients to be able to give returns to our investors from day one."

Ross Murarka Finance Limited	
Issue opens	: 5 August 1991
Size of the issue	: Rs.10 crore
To Indian public	: Rs.4.74 crore
Instrument	: Convertible debentures of Rs.200 each
Promoter	: Ross Deas
Object	: For purchase of assets to be leased
Listing	: Bombay, Ahmedabad, Delhi, Calcutta, Madras and Bangalore

Sree Kailas Sugars & Chemicals	
Issue opens	: 7 August 1991
Size of the issue	: Rs.11.20 crore
To Indian public	: Rs.5.74 crore
Instrument	: Equity shares of Rs.10
Promoters	: Sree Kailas group
Project	: To set up a 2,500 tcd factory to manufacture white crystal sugar
Cost of project	: Rs.28 crore
Plant location	: Khammam district, AP
Listing	: Hyderabad and Bombay

Sree Kailas Sugars & Chemicals

The first company of the south-based Sree Kailas group (with interest in alcohol, finance, bio-gas and transport) to go public, SKSC is setting up a 2,500 tcd sugar factory. According to Kailas Ravi Shankar, the company's executive director, the agricutural lands around the site are predominently sugarcane growing areas and as per the Vasanthdada Sugar Institute report the SKSC's sugar mill can easily expand its capacity to 10,000 tcd.

Meanwhile, the company plans to commission the mill by November 1991 in time for the 1991-92 crushing season. "The company also has licences for alcohol and alcohol-based chemicals units which will be implemented after the first year of operations when the company expects to clock a turnover of Rs.18 crore", adds Ravi.

Sugar, of late, has been in short supply. As per the latest figures available, in the year 1988-89, the production was 8.75 million tonnes as against the consumption of 9.86 million tonnes, the shortfall met by imports. The prospects of the sugar industry are also dependent on the climatic conditions which have an impact on the availability of good quality cane and the policy of the government of India in regard to the fixation of price of sugarcane, ratio of levy to free sale sugar to be sold by sugar units besides the incentives offered to new units by way of higher quota of free sale sugar.

Currently, as per the sugar policy, the ratio of levy to free sale is fixed at 45:55. The company is eligible for incentives for a period of 7 years by way of additional free sugar quota.

G.M. Mittal Stainless Steels

G.M. Mittal Stainless Steels (GM) set up in 1980 is an established manufacturer of high alloy stainless steel castings. Periodic expansions have taken its present capacity to 18,000 tpa.

A technology upgradation cum expansion programme was undertaken in 1988 and the vacuum oxygen decarburisation technology (VODC) obtained from Leybold of Germany was installed. The facility of VODC allows the company the use of mild steel scrap and high carbon ferro alloy instead of high value stainless steel scrap and low carbon ferro alloys for the manufacture of higher grade of stainless steel.

Under the new programme, GM proposes to improve its yield and product quality with the installation of a continuous casting machine capable of casting billets up to 140 mm. This programme expected to cost Rs.7.10 crore, is being funded by term loans of Rs.5.25 crore from financial institutions while the rest will come from a rights cum public issue of convertible debentures.

Each debenture of Rs.250 will be converted into 10 equity shares of Rs.10 each at a premium of Rs.15 per share, six months from the date of allotment. The present issue will raise the company's equity to Rs.3.83 crore. The market value of GM's share is Rs.34 (15 July '91).

G.M. Mittal Stainless Steels	
Issue opens	: 1 August 1991
Size of the issue	: Rs.6 crore
To Indian public	: Rs.2.11 crore
Instrument	: 14 per cent convertible debentures of Rs.250
Promoter	: Ramesh Chandra Mittal
Project	: Modernisation scheme by replacing present ingot casting with continuous casting machine
Plant location	: Dhar, Madhya Pradesh
Listing	: Bombay, Ahmedabad, Delhi and Indore

Since 1986, GM's sales have risen from Rs.7.01 to Rs.33.75 crore for the year ended March 1991. Profit after tax has gone up from Rs.22.8 to Rs.70.69 lakh. The EPS as at March 1991 was Rs.4.9.

However, for the same year (1991), the company's interest costs have grown to Rs.2.14 crore (Rs.21 lakh as at December 1985). With new loans this will go up even further. Also, basic raw materials being ferrous scrap and ferro alloys, where part of the ferrous scrap is imported, raw materials costs are also expected to increase.

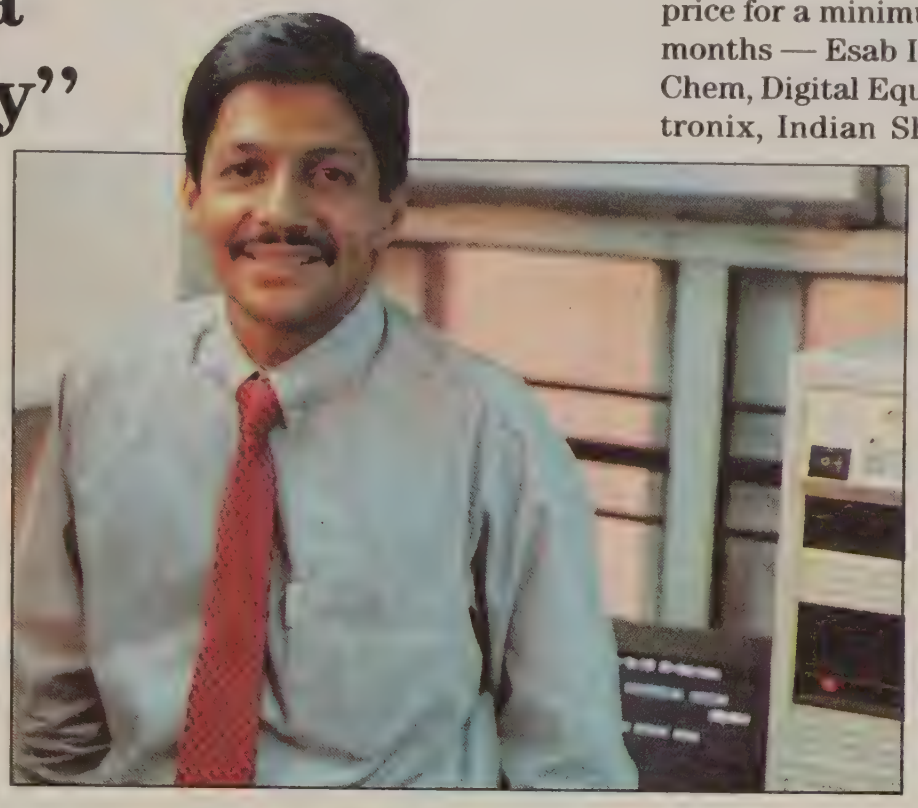
According to R.C. Mittal, GM's chairman and managing director, sales for March 1992 will be around Rs.45 crore but net profit at Rs.70 lakh will be same as last year.

"We have to be a market economy"

At this stage, no portfolio manager would risk recommending any particular scrips for long-term. The whole economy is in a flux and to top it all, politics interferes in decision-making a bit too much.

The portfolio managers choice in the changed environment, is not only difficult but he would have to watch his step every day as things would be different with rapid changes in the government policies.

So we have **Parag Parikh** *talk to Lancelot Joseph on what the possible short-term investment strategy could be without going into stock picking. Parikh feels that total liberalisation will take place only if the stars of the Indian population are bright.*



We are caught in a triangle between the politicians, bureaucrats and the industrialist and getting out is going to be very difficult. Each one has his own interests and as they stand to lose rather than gain, total opening up can be ruled out. Devaluation alone won't help unless accompanied by a breaking down of barriers and tariffs. The IMF has not asked us to devalue. In reality it is teaching us how to run the economy. Till now we have the same old system of planning, development, taking the loan and then making merry with it. When we speak of opening up our economy, it is, in a way Schumpeter's 'creative destruction' wherein new technologies destroy the old.

Even as far as the system is concerned we are currently talking of a global economy where everything is open and is in a way replacing planning. Planning causes misdevelopment. If we liberalise, it must be total. We have now gone in for devaluation along with which all trade barriers must be opened. If it is a half-hearted measure then the devaluation will backfire on us.

Once you are thinking in terms of a new world economy, then planning has to be eradicated, which means that licensing and monopoly have to be ended. And no industrialist would be game for total opening up. They will want it in a phased manner.

The new scenario would mean no planning, no licensing, no FERA and no MRTP. This will bring in a competitive market with higher productivity. Hi-tech will automatically flow in as new strategic alliances will be drawn up giving competitive advantages. Until now, in our system, planning has meant licensing and tarriffs which in turn have created monopolies. These have led to corruption, capital flight, inflation and overall inefficiency.

We believe in protecting infant industries, but we cannot protect them in the changed situation; each should fend for itself.

Just now the stockmarket feels that we are in the process of opening up the economy. The market is therefore booming but the reality is that this move will lead to grave consequences. For example, the petrochemicals sector which is now protected by large giants may even have to close shop. You have to be tuned to realities. Without trade barriers the fate of the rayon and petrochemical shares is unthinkable. But the market is going up because this market has a short-term outlook.

Peculiar behaviour

Our Indian market has a peculiar way of behaving. For example, when on 2 August, Sadam Hussein invaded Kuwait the repercussions it would have on the oil prices was ignored. In general the market is not a well educated one. A few people are obviously there but it is the mass hysteria that follows which decides issues. The market does not think that opening up of the economy is the solution to all problems.

If the change is total, the following could be good picks at the present market price for a minimum lock in period of six months — Esab India, Astra IDL, Colour Chem, Digital Equipment, Hinditron Tektronix, Indian Shaving Products, Modi Xerox, Nestle, Siemens, Wartsila Diesel and Birla 3M. At this stage we cannot say that total liberalisation is not going to take place. Hence a little bit of caution will be required.

In the Indian market, investors generally talk of the replacement cost of plant and machinery while making investment decisions. But they fail to realise that inflation has always been a world-wide phenomenon and prices have been going up. They talk of the replacement cost being higher and so the share prices keep going up in relation to the replacement cost.

False euphoria

Replacement should always be taken from the point of view of the productivity. Today a 50-year-old plant has a different type of productivity though you may pay five times more for its replacement. The production efficiency of a new plant is forgotten. There is no meaning in the way the market analyses replacement costs. For example, in the recent shipping shares boom, the market feels that they will have hard cash foreign earnings. Yes,that is true but what about the replacement cost of the ships which has to be financed from the foreign exchange. So both have to be judged from that point. There is no doubt that the earnings could exceed the replacement cost but it is really the punters of the market who created the euphoria leading to the shipping shares flaring up.

Ultimately we have to be a market economy, where political will is very important for liberalisation. Like when we talk of FERA — 51 per cent and letting anyone start whatever they want to with the market forces deciding the outcome.

So, if liberalisation is going to take place then the market is going to see a different picture. Some of the non-starters of today could well be the blue chips of tomorrow and some of today's leaders could be out of the scene totally.

STOCKMARKET REVIEW

Bullish swing

(For the fortnight ended 28 June 1991)

	12 July	28 June	Per cent change over fortnight	year
BSE Sensitive Index	1441.85	1269.91	+ 13.5	+ 56.0
BSE National Index	702.91	628.75	+ 11.8	+ 47.5
Vol (Rs.cr) fortnt. ended	177.80	160.11	+ 11.0	+ 16.7

The market surprised analysts who went by the previous fortnight's fall to predict further declines in the face of a liquidity crisis overcoming the economy. But the finance minister's quick devaluation, rumoured to be occasioned by FCNR repatriations, was followed by the commerce minister's *jugalbandi* in the form of trade liberalisations. This revealed unexpected qualities of firmness, sensibility and speed on the part of the government, which, while lacking in the first two qualities, has traditionally, had the speed of a snail and a tortoise over such matters. This was followed by almost unbelievable rumours of bureaucrats burning the midnight oil to reform their departments.

All this sent bulls on a rampage who even took on financial institutions. Bears dealing in multinational or pharmaceutical companies' shares and had safely short-sold them in expectation of stagnant earnings in 1991 were particularly caught in hibernation. They rushed to cover their short positions sending some shares to unsustainable heights (*see table 1*).

Share prices up. Several synthetic fibre shares rose on reports of price hikes and improved offtake. While Century Enka moved down marginally from Rs.2,550 to Rs.2,500 over the fortnight and Reliance from Rs.136.50 to Rs.136, Baroda Rayon rose from Rs.490 to Rs.530, Indian Organic from Rs.36.50 to Rs.45.50 and J.K.Synthetics from Rs.31.00 to Rs.34.50.

Table 1:
The rise of multinationals

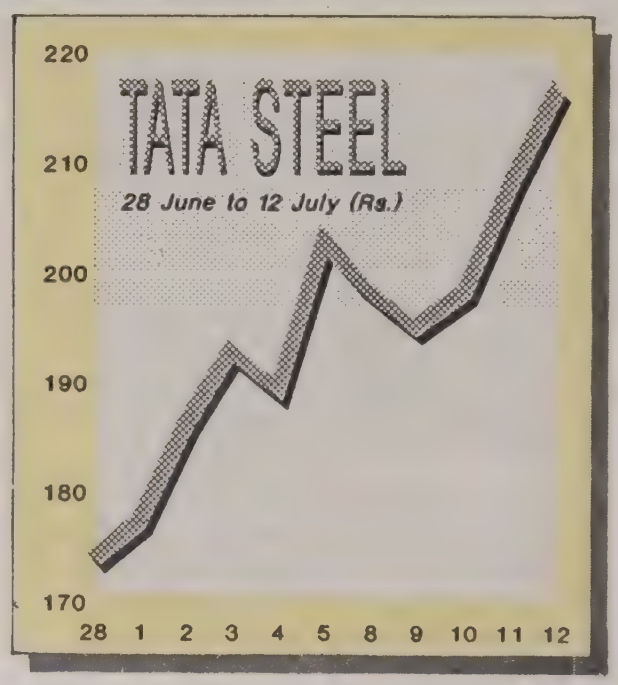
Company	Prices on 12/7	28/6	P/E
Atlas Copco	84.00	71.00	106
Colgate	337.50	302.50	33
Eskayef	200.00	172.50	18
Glaxo	130.00	95.00	25
Hoechst	3200.00	2500.00	46
ITC	201.00	161.00	17
Parke Davis	96.25	72.50	36
SKF Bearings	2600.00	2310.00	36

Note: P/E is based on 1990-91 earnings

Aluminium, tea and other export-linked shares increased as a result of devaluation (*see table 2*). In the case of Hindalco and Indian Aluminium, exports are significant (though less than 15 per cent of turnover) only for the latter. However, domestic producers were able to raise prices by 8 per cent following the increased protection afforded by devaluation. Tea companies, on the other hand, are significant exporters, with India having 15 per cent of world trade; hence, they are direct beneficiaries of devaluation.

Table 2:
Benefactor: 20% devaluation

Company	Prices on 12 July	28 June	Per cent change
Century	6300.00	5310.00	18.6
Chowgule Steam	45.50	30.00	51.7
G.E.Shipping	73.50	56.50	30.1
Hindalco	302.50	247.50	22.2
Indian Aluminium	182.50	152.00	20.1



Tata Steel was actively traded, overtaking ACC in trading volumes for the first time since mid-March. One reason was the official nod for its Rs.680 crore loan application from the Shipping Development Fund. This news, along with rumours of steel price decontrol, sent Tisco's share price rocketing to Rs.217 (and Rs.221 in kerb), at the close of the fortnight up from Rs.174 (*see chart*). The jump translates to a market value gain of Rs.1,070 crore.

The 1 per cent rise in deposit rates at banks announced on 4 July did not hurt stockmarkets as these rates (13 per cent maximum on a 3-year fixed deposits at regular banks) remain uncompetitive. In addition, the low 10 per cent *badla* rate in Calcutta at the close of the fortnight also spurred bulls.



Inconsistent moves. The Bombay Stock Exchange came forth with its version of trading reform: options on stocks, non-voting shares and freedom to price new issues at what the market would bear. The mix of two liberalisations and one protectionist move was surprisingly inconsistent.

Meanwhile, the Securities and Exchange Board is likely to be empowered in the current session of Parliament. SEBI chief G.V. Ramakrishna is close to finance minister Manmohan Singh, who is believed to have over-ridden finance ministry bureaucrats on wrangles over giving SEBI wide ranging powers.

The new issues market started picking up again, but the real momentum will be noticed in August. Meanwhile, Reliance Industries has applied to the Controller of Capital Issues for its Rs.900 crore public issue, the largest to date.

Towards the end of the fortnight, the BSE tried to control the bull fever by raising speculative margins on forward purchases. With an all-round high expectation level, this is unlikely to matter much until the industrial policy and budget are announced. ■

RAFIQ DOSSANI

GREAT EASTERN SHIPPING

Smooth sailing, but...

All those investors, who think that the shipping industry is in the midst of one of its cyclical booms, should think again. The better managed companies look fundamentally strong for the long term, and some, like Great Eastern (GE) Shipping, are even cash rich. Still, turnover cannot safely be projected too far into the future.

Scrips skyrocket. After the first stage of the two-stage devaluation on 1 July, companies with large dollar-linked businesses went on a roll. Great Eastern jumped 3.50 points to Rs.60 as volumes doubled from the already high previous trading day's 890,000 shares. Chowgule's scrip spurted 6.50 points to Rs.45.50 and South India Steamships climbed 50 points to Rs.1,625. The rise continued through the week, boosted along the way by the second devaluation on 3 July. Chowgule's was the biggest gainer, putting on 67 per cent over the week. GE continued its steady progress with a 39 per cent gain (*see chart*).

The devaluation news followed better than expected bulk freight rates that had decisively turned industry fortunes around mid-April. But these rates have since firmed as recession-induced cutbacks in world steel production (which moves substantial world trade) did not materialise and grain transports over the lengthy South America-Mediterranean run shortened tonnage supply. News of a World Bank-sponsored $ 1.5 billion credit line for grain purchases to the USSR also helped strengthen rates. (This translates to about 13 million tonnes of cargo at current rates.)

Speculators in shipping stocks have started keenly tracking the Baltic Exchange Freight Index (Biffex) which reflects dry bulk freights on international routes. But, the Biffex is only a partial guide to Indian shipping companies' performance. It is a spot rate based on about a dozen international routes and weighted heavily on Panamax (60,000 to 75,000 dwt carrier) contracts.

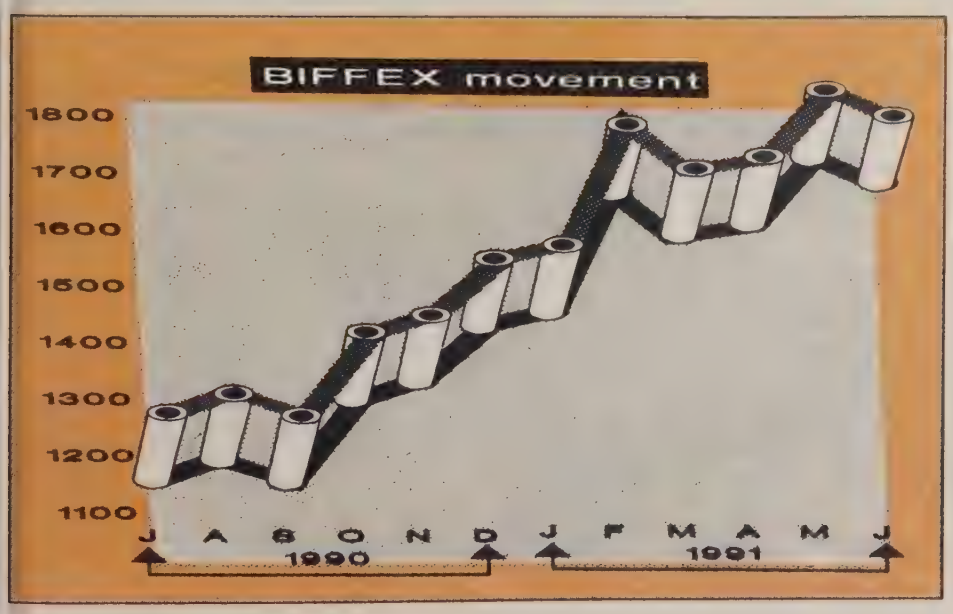
Bharat Sheth, executive director of Great Eastern Shipping, points out that of GE's 25 dry cargo carriers — that contribute over 50 per cent of the company's earnings — not one is a Panamax. Most are 'handysize' carriers, in the 30,000 to 40,000 dwt category.

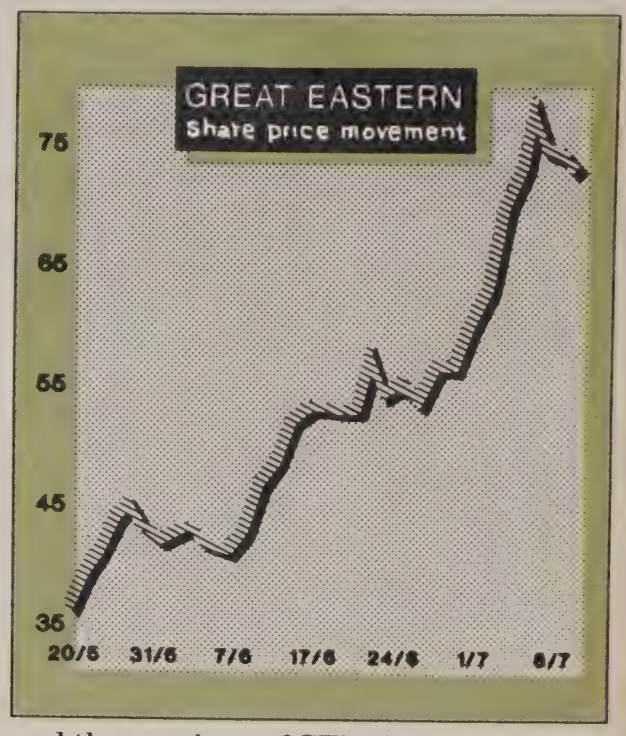


Deepak Tolani

Sheth: "all a question of nerves"

The company has, in addition to its dry cargo ships, eight offshore supply vessels on charter to ONGC and nine tankers (one crude and eight product) committed to Transchart, the government's charterer. These 17 vessels are paid for in rupees, though the rate is dollar-linked. Sheth points out that Biffex levels and the earnings of GE's ships are imperfectly co-related.





Forex levels low. Most of the dry cargo fleet — which nets all of the company's foreign exchange earnings — tramps, and is thus exposed to international freight fluctuations. Here too, though rates have been firm, the forex content is not high: Sheth says that forex contributes between 15 and 20 per cent of total earnings.

This means that further ship acquisitions are difficult without a line of credit in forex. And acquiring more ships has become imperative since the average age of the GE fleet, at 14 years, is high (the highest in India). There are now plans to acquire a Panamax since younger tonnage is needed. GE is currently negotiating a line of credit with the International Finance Corporation, a 10 per cent equity holder in the company, to raise the required foreign currency.

So, what is the bottomline of GE? Devaluation, agrees Sheth, will immediately raise rupee turnover by 25 per cent to Rs.340 crore. In addition, he notes that GE has hedged its future liability and covered about 97 per cent of its foreign loan. A look at the balance sheet indicates that the company also has about Rs.70 crore in cash and a creditworthy debt-equity ratio of just over 1:1.

It looks like smooth sailing, with one major risk. The shipping industry is finely balanced with demand equal to supply at current rates. With parts of the world still in recession, Paresh Khandwalla, a Bombay based portfolio manager, says shipping shares could move quickly either way. It may be, as Sheth says of his industry, "all a question of nerves". ■

ALLAN ABRAHAM

STOCKMARKETS

Company / Face value	Year Ended	Equity Rs Cr	Re-serves Rs Cr	Book value Rs	Price 12.7.91	52 weeks High	52 weeks Low	EPS in Rs Year	EPS in Rs Half-yr	PE Times	Divi-dend %	Yield %	Bonus Year	Bonus Ratio
A.P SCOOTERS,10	03/87	9.94	13.25	-3.33	4.50	11.00	4.00	-4.8			11.0	24.4		
ABB,10	12/90	9.86	14.11	24.31	147.50	165.00	92.50	8.6	3.5	17.2	27.0	1.8		
ACC,100	03/91	55.95	183.63	428.20	2480.00	2645.00	930.00	197.3	95.1	12.5	30.0	1.2	86	1:5
AHM ELECTRIC,100	03/90	21.30	67.58	417.28	560.00	650.00	320.00	36.8	14.0	15.2	16.0	2.9	87	1:5
ALFA LAVAL,10	03/90	7.82	21.57	37.58	235.00	235.00	145.00	10.9	4.1	21.6	25.0	1.1	89	1:2
AMAL RASAYAN,10	03/90	3.19	11.36	45.61	49.50	65.00	33.50		-2.9	4.2		3.8		
AMB SARABHAI,10	03/90	22.20	-1.10	9.50	12.00	22.00	10.00	0.3		40.0			82	1:5
AMFORGE,10	03/90	5.33	11.32	31.24	82.00	135.00	73.00	11.3	5.0	7.3	25.0	3.0		
ANDHRA CEMENT,10	03/89	18.78	-2.70	8.56	17.50	1400.00	11.00	-15.4				11.8	87	1:2
ANDHRA VALLEY,100	03/90	10.51	49.73	573.17	1500.00	1650.00	730.00	185.8	108.4	8.1	20.0	1.3	75	1:9
ANDREW YULE,10	03/87	9.41	22.81	34.24	48.00	250.00	38.00	2.2		21.8	10.0	2.1	87	2:5
ANNAPURNA FOILS,10	03/89	9.05	0.00	10.00	8.00	18.00	7.00	-2.9	-3.2					
APOLLO HOSP,10	09/89	5.41	1.33	12.46	16.00	30.00	12.00	2.6	1.2	6.2	15.0	9.4		
APOLLO TYRES,10	10/89	8.40	14.19	26.89	62.00	92.50	42.50	18.3		3.4	25.0	4.0		
APPLE IND.,10	03/90	5.19	0.81	11.56	34.50	66.25	33.00	8.6		4.0	35.0	10.1		
ASHOK LEYLAND,10	03/90	31.72	100.64	41.73	155.00	251.25	95.00	5.8	4.3	26.7	31.5	2.0	78	1:2
ASIAN CABLES,10	03/91	5.59	10.28	28.39	32.50	48.00	30.00	6.8	2.4	4.8	15.0	4.6	81	1:3
ASIAN HOTELS,10	03/90	15.05	12.21	18.11	73.00	102.50	57.50	7.4	3.0	9.9	25.0	3.4		
ASIAN PAINTS,10	03/90	12.44	56.50	55.42	240.00	285.50	220.00	15.3	8.2	15.7	45.0	1.9	87	1:2
ASSAM CO,10	03/90	14.00	26.02	28.59	160.00	180.00	112.50	9.2	5.1	17.4	55.0	3.4	89	1:1
ASSAM FRONTIER,10	03/90	3.00	17.19	67.30	300.00	365.00	200.00	29.7	14.5	10.1	50.0	1.7		
ASTRA IDL,10	03/91	2.50	4.86	29.44	88.75	88.75	42.50	6.5	2.5	13.7	17.0	1.9		
ATLAS COPCO,10	03/90	7.25	7.26	20.01	84.00	87.00	42.00	-0.5	-1.9	46.2		2.7	87	1:2
ATLAS CYCLE,10	03/90	1.15	14.88	139.39	185.00	205.00	87.50	7.2	2.4	25.7	15.0	0.8	87	1:2
AVERY INDIA,10	03/90	4.20	13.49	42.12	168.00	195.80	120.00	7.3		23.0	35.0	2.1	84	2:5
BAJAJ AUTO,10	03/91	18.81	298.75	168.83	582.50	725.00	510.00	30.0	21.6	19.4	100.0	1.7	87	1:1
BAJAJ PLASTIC,10	03/90	1.50	3.51	33.40	61.25	92.50	43.75	0.7	3.6	87.5			86	1:1
BAJAJ TEMPO,10	03/90	6.60	42.10	73.79	192.50	280.00	158.75	11.5	9.1	16.7	20.0	1.0	86	1:1
BAKELITE HYLAM,10	03/90	4.50	20.04	54.53	49.00	62.50	41.00	3.0	1.8	16.3	18.0	3.7	80	2:3
BALLARPUR,10	03/90	20.97	27.11	22.93	290.00	310.00	200.00	19.9	14.2	14.6	28.0	1.0	89	1:2
BARODA RAYON,100	03/90	17.97	51.55	386.87	530.00	1167.25	415.00	132.5	11.4	4.0	25.0	4.7	90	1:2
BASF,10	03/91	6.39	18.55	39.03	155.00	160.08	100.00	7.9	6.9	19.6	20.0	1.3	90	1:2
BATA INDIA,10	12/89	10.50	17.18	26.36	81.00	105.00	76.00	5.4		15.0	15.0	1.9	87	1:1
BATLIBOI,10	09/89	2.79	3.93	24.09	75.00	89.00	42.50	5.5		13.6	15.0	2.0		
BAYER INDIA,100	03/91	16.22	22.52	238.84	875.00	1075.00	600.00	52.0	24.4	16.8	22.0	2.5	87	1:1
BEST & CROM,10	03/90	7.56	23.03	40.46	42.50	77.50	32.50	1.9	-0.3	22.4	10.0	2.4	82	3:5
BHADRA PAPER,10	03/91	10.57	40.44	48.26	160.00	170.00	80.00	14.6	6.2	11.0	37.5	2.3		
BHARAT FORGE,10	03/91	14.64	62.59	52.75	222.50	265.00	123.75	9.8	5.9	22.7	30.0	1.3	86	1:1
BHARAT GEARS,10	03/90	4.03	5.50	23.65	45.00	62.00	32.50	2.7	0.1	16.7		6.2		
BIHAR ALLOY,10	03/90	8.20	-10.01	-2.21	19.00	51.50	17.00	-2.1		13.1				
BIMETAL,10	03/90	3.82	12.13	41.75	162.50	162.50	75.00	7.5	5.0	21.7	27.5	1.7	89	1:1
BINDAL AGRO,10	12/89	39.85	48.25	22.11	39.00	80.00	38.00	3.3	4.6	11.8	50.0	12.8	90	1:2
BIRLA JUTE,10	03/91	20.37	128.37	73.02	295.00	295.00	130.00	19.2	7.7	15.4	30.0	1.0	86	1:1
BIRLA YAMAHA,10	02/89	8.00	0.17	10.21	14.00	26.00	12.00	-4.8	-3.4					
BLOW PLAST,10	07/89	2.00	3.73	28.65	125.00	150.00	50.00	1.6	5.3	78.1	15.0	1.2	87	1:1
BLUE STAR,10	03/91	7.11	18.72	36.33	58.75	120.00	57.50	5.9	1.5	10.0	16.0	2.7	90	1:1
BOM BURMAH,100	03/91	5.52	23.65	528.44	1150.00	1250.00	800.00	110.7	38.9	10.4	35.0	3.0	78	1:4
BOM DYEING,10	03/91	22.48	106.11	57.20	201.25	240.00	128.00	16.0	7.7	12.6	30.0	1.5	90	1:1
BOM SUBURBAN,10	03/90	6.60	78.22	128.52	112.50	140.00	59.00	18.2	12.0	6.2	20.0	1.8	89	1:1
BOOTS,10	03/90	8.10	9.33	21.52	155.00	155.00	92.50	5.6	3.9	27.7	30.0	1.9	87	1:1
BOROSIL GLASS,10	03/90	2.24	8.71	48.88	55.00	65.00	47.50	5.9		9.3	25.0	4.5	82	1:2
BRITANNIA,10	03/91	18.57	37.96	30.44	162.50	162.50	105.00	5.4	2.8	30.1	29.0	1.8	89	1:2
BROOKE BOND,10	12/90	44.15	53.54	22.13	140.00	167.50	117.50	5.9		23.7	40.0	2.9	89	4:5
BURROUGHS,10	03/90	6.00	15.82	36.37	117.50	117.50	70.00	3.0	2.3	39.2	15.0	1.3	89	1:1
C.E.S.C.,10	03/90	16.94	86.30	60.94	72.00	87.00	39.50	7.9	2.9	9.1	20.0	2.8		
C.P.TOOLS,100	03/90	4.57	14.21	410.94	620.00	650.00	280.00	5.0	-5.6	124.0	15.0	2.4	87	1:3
CABLE CORP,10	03/91	9.00	31.83	45.37	101.00	117.50	80.75	9.0	3.4	11.2	28.0	2.8		
CADBURY,10	03/90	8.40	14.40	27.14	157.50	185.00	140.00	6.3	2.3	25.0	35.0	2.2	87	1:1
CALICO MILLS,125	06/89	13.56	-5.69	72.55	45.00	95.00	40.00	2.3		19.6			77	1:7
CARRIER AIRCON,10	03/90	17.42	-3.50	7.99	17.00	31.00	9.00	-1.2	-0.9					
CASTROL,10	03/91	9.86	42.07	52.67	357.50	357.50	154.69	21.4	8.5	16.7	45.0	1.3	90	3:5
CEAT TYRES,10	06/90	14.76	109.15	83.95	77.50	125.00	70.00	15.2	6.3	5.1	30.0	3.9	86	1:2
CEMINDIA,10	03/91	1.28	8.94	79.84	142.50	142.50	75.00	5.9	2.8	24.2	30.0	2.1	84	3:5
CENTURY ENKA,100	03/91	23.25	161.52	794.71	2500.00	3964.29	2321.43	104.2	66.0	24.0	49.0	2.0	90	2:5
CENTURY SPIN,100	03/91	26.62	252.97	1050.30	6300.00	6325.00	3700.00	306.3	120.1	20.6	50.0	0.8	86	2:3
CHAMPAGNE,10	03/90	3.00	-1.46	5.13	19.50	34.00	14.00	-1.8						
CHLORIDE,10	03/90	20.65	16.51	18.00	105.00	120.00	95.00	6.7	2.6	15.7	31.5	3.0	86	3:5
CIFCO FINANCE,10	03/90	4.78	0.56	11.17	13.00	19.00	11.00	1.8	1.2	7.2	18.0	13.8		
CITURGIA,10	03/91	3.38	10.48	41.01	168.75	168.75	85.00	9.8	2.9	17.2	35.0	2.1		
COLGATE,10	12/89	31.44	25.32	18.05	337.50	340.00	262.50	8.0		42.2	42.5	1.3	89	1:1
COLOUR CHEM,100	03/90	7.94	13.96	275.82	1050.00	1050.00	625.00	30.0	3.0	35.0	22.0	2.1	80	2:5
COMET STEEL,10	03/91	9.65	5.34	15.53	15.50	31.00	14.00	0.9		17.2		10.6		
COROM FERT,10	09/90	24.32	20.45	18.41	67.50	80.00	47.50	4.3	1.5	15.7	20.0	3.0	86	1:2
COSMO FILMS,10	03/90	2.39	5.47	32.89	22.50	45.00	18.50	6.3	-0.8			5.5		
CROMPT GREA,100	03/90	19.20	74.09	485.89	1150.00	1650.00	682.50	80.9	33.6	14.2	18.0	1.6	89	1:1
CYANAMID,10	03/90	5.25	12.50	33.81	145.00	145.00	81.25	7.8	4.6	18.6	25.0	1.7		

Company / Face value	Year Ended	Equity Rs Cr	Re-serves Rs Cr	Book value Rs	Price 12.7.91	52 weeks High	52 weeks Low	EPS in Rs Year	EPS in Rs Half-yr	PE Times	Divi-dend %	Yield %	Bonus Year	Bonus Ra
DCM TOYOTA,10	03/90	15.00	-12.98	1.35	33.50	58.75	33.50	4.3	3.2	7.8				
DCM,10	03/89	23.02	37.80	26.42	250.00	275.00	55.00	2.6	-2.2	96.2			71	4
DEEPAK FERT,10	03/90	36.68	11.32	13.09	26.50	42.00	24.00	3.2	4.1	8.3	18.0	6.8		
DEEPAK NITR,10	03/90	2.43	9.23	47.98	91.00	140.00	82.00	14.3	8.6	6.4	30.0	3.3	85	1
DEMPO STEAM,100	06/85	2.00	-9.83	-391.50	5.00	6.50	5.00							
DHARAMSI,10	03/90	6.24	15.76	35.26	42.50	70.00	42.50	10.0	5.1	4.2	25.0	5.9	90	1
DR.REDDYS,10	03/90	2.08	1.36	16.54	160.00	160.00	62.50	3.1	1.6	51.6	25.0	1.6		
DUNCAN AGRO,100	03/90	3.05	18.23	697.70	268.00	280.00	91.00	368.5	82.6	0.7	40.0	14.9	89	1
DUNLOP,10	03/90	18.99	68.77	46.21	55.00	85.00	50.00	2.3	2.0	23.9	30.0	5.5	76	1
E. MERCK,10	12/90	5.94	7.40	22.46	118.00	118.00	59.00	3.3		35.8	20.0	1.7	86	3
E.I.HOTELS,10	03/90	23.84	47.57	29.95	51.00	62.50	37.00	4.5	0.5	11.3	22.0	4.3	84	2
EICHER MOTORS,10	03/90	9.98	-6.04	3.95	39.00	51.25	33.75	3.5	3.4	11.1		10.0		
EID PARRY,10	03/91	6.28	36.00	67.32	102.50	105.00	75.00	10.3	5.5	10.0	30.0	2.9		
ELECON ENG,10	03/90	5.65	27.25	58.23	50.00	70.00	47.50	1.8		27.8	12.0	2.4	87	3
ENFIELD,10	03/90	5.04	6.05	22.00	19.50	32.50	13.50	-6.3	-0.7				85	1
ENGLISH ELECT,10	03/90	9.00	18.86	30.98	71.00	84.00	38.00	3.3		21.5	25.0	3.5	90	1
ESCORTS,10	03/90	33.90	127.32	47.56	151.25	185.00	110.00	6.6	4.7	22.9	30.0	2.0	87	3
ESKAYEF,10	03/90	7.50	26.57	45.43	200.00	200.00	113.75	10.4	6.5	19.2	30.0	1.5	86	1
ESSAR SHIPPING,10	06/89	46.14	44.05	19.55	40.75	47.00	20.00	2.9	4.6	14.1	30.0	7.4		
EXCEL,10	03/90	4.62	18.89	50.89	317.50	390.00	225.00	20.0	16.2	15.9	50.0	1.6	84	4
FAG PRECISION,10	03/90	3.36	8.71	35.92	90.00	140.00	63.75	13.8	8.7	6.5	18.0	2.0		
FERRO ALLOYS,10	03/90	8.42	36.76	536.58	50.00	82.50	37.50	15.9		3.1	25.0	50.0	80	1
FGP,10	03/91	4.89	7.96	26.28	62.50	75.00	53.75	3.5	2.2	17.9	22.0	3.5	87	1
FICOM ORGANIC,10	03/90	1.29	7.53	68.37	152.50	240.00	120.00	16.7	9.3	9.1	45.0	3.0	87	1
FINOLEX,10	03/90	3.24	38.28	128.15	195.00	375.00	170.00	28.1	15.6	6.9	50.0	2.6	88	4
FIRST LEASING,10	11/89	6.30	10.05	25.95	32.00	55.00	30.00	4.8		6.7	26.0	8.1	83	1
FLAKT INDIA,10	12/90	4.76	4.08	18.57	72.50	85.00	31.00	4.3	0.9	16.9	20.0	2.8	89	2
FORBES FORBES,10	03/90	4.25	21.83	61.36	105.00	115.00	52.50	5.0	1.8	21.0	20.0	1.9	82	2
FULFORD,10	03/90	0.80	3.54	54.25	290.00	290.00	165.00	14.4		20.1	22.0	0.8	90	1
G.E.SHIPPING,10	03/90	64.85	55.28	18.52	73.50	78.50	27.00	6.7	3.0	11.0	20.0	2.7	90	1
G.K.W.,10	03/90	24.06	41.04	27.06	34.00	70.00	27.50	6.0	0.5	5.7	15.0	4.4	83	1
G.T.C.INDUST,10	03/90	5.00	13.24	36.48	95.00	110.00	38.00	7.2	7.2	13.2	35.0	3.7	72	1
GABRIEL,10	03/90	2.64	5.63	31.33	50.00	77.50	42.00	6.6		7.6	18.0	3.6	78	3
GAMMON INDIA,10	03/90	2.16	13.87	74.21	120.00	135.00	62.50	2.8	4.2	42.9	25.0	2.1	82	2
GARDEN SILK,10	06/89	16.24	84.67	62.14	42.50	62.50	35.00	3.6	2.6	11.8	30.0	7.1		
GARWARE NYLON,10	03/90	9.72	14.92	25.35	32.00	67.00	29.00	3.6	2.0	8.9	15.0	4.7	83	1
GARWARE POLY,10	09/89	10.94	21.96	30.07	45.00	80.00	29.50	-6.4				4.1		
GARWARE SHIP,10	03/89	3.75	0.03	10.08	24.00	30.50	13.50	5.9	1.6	4.1	15.0	6.2		
GEN ELECTRIC,10	03/90	7.20	30.60	52.50	56.00	57.00	31.00	3.8	2.5	14.7	10.0	1.8	89	1
GENELEC,10	03/89	2.16	-4.39	-10.32	17.00	41.00	15.00	-47.1			14.7	8.6	84	1
GEORGE WILL,10	03/90	9.45	23.82	35.21	195.00	195.00	120.00	5.2	10.0	37.5	60.0	3.1	89	1
GERMAN REM,10	03/90	6.52	5.61	18.60	132.50	200.00	95.00	13.3	1.8	10.0	20.0	1.5	90	1
GLAXO,10	03/91	20.00	55.08	37.54	130.00	130.00	82.50	5.3	2.8	24.5	27.0	2.1	80	1
GODFREY PHILIPS,10	03/90	2.60	3.80	24.62	280.00	325.00	88.75	11.0	21.6	25.5	35.0	1.2	75	1
GOETZE,10	03/90	6.93	16.53	33.85	107.50	122.50	80.00	6.7	3.4	16.0	32.0	3.0	76	4
GOKAK PATEL,10	03/90	6.52	25.96	49.82	270.00	270.00	92.50	13.7	11.0	19.7	32.0	1.2	87	1
GOOD NEROLAC,10	03/90	3.24	5.08	25.68	80.00	140.00	52.50	8.5	1.8	7.1	20.0	3.3	78	5
GOODYEAR,10	12/90	14.96	47.11	41.49	52.50	220.00	50.00	4.5		11.7	25.0	4.8	90	1
GRAMOPHONE,10	03/90	4.37	11.43	36.16	13.75	22.50	12.00	0.4	0.3	34.4				
GRASIM,10	03/91	60.20	279.13	56.37	255.00	265.00	167.00	15.9	7.2	16.0	35.0	1.4	86	3
GREAVE COTTON,10	03/90	9.86	30.96	41.40	87.50	110.00	60.00	6.6	2.1	13.3	18.0	2.1	88	1
GUJ ALKALIES,10	03/91	17.90	39.87	32.27	163.00	163.00	90.00	8.4	3.1	19.4	28.0	1.7	87	1
GUJ AMB CEM,10	06/90	19.99	15.18	17.59	172.00	177.50	79.00	7.3	4.8	23.6	25.0	1.5		
GUJ NARMADA,10	03/89	88.99	103.47	21.63	38.50	54.00	34.00	3.4	0.4	11.3	10.0	2.6		
GUJ STATE FERT,10	03/91	60.15	381.31	73.39	210.00	260.00	160.00	10.8	8.3	19.4	30.0	1.4	87	1
HARRISON,10	06/90	9.10	21.40	33.52	190.00	237.50	132.50	10.6	5.6	17.9	75.0	3.9	87	2
HERDILLIA CHEM,10	03/91	7.35	52.35	81.22	90.00	120.00	80.00	10.2	3.5	8.8	26.0	2.9	78	1
HERO HONDA,10	03/90	15.98	-2.76	8.27	80.00	93.75	36.00	-0.3	2.0					
HIND ALLOY,10	03/90	7.13	5.03	17.05	62.50	128.75	53.75	9.4	4.1	6.6	30.0	4.8		
HIND CIBA,100	03/90	17.71	40.07	326.26	1675.00	1675.00	700.00	92.7	39.5	18.1	30.0	1.8	90	1
HIND DEVELOP,10	03/90	32.93	92.56	38.11	92.50	110.00	75.00	3.9	2.4	23.7	20.0	2.2	86	1
HIND DORR-OLIVER,10	03/90	4.76	10.67	32.42	80.00	115.00	52.50	7.3	2.8	11.0	25.0	3.1	89	1
HIND FERODO,10	03/90	5.50	1.89	13.44	24.00	40.00	15.00	0.1		240.0	7.5	3.1	83	4
HIND LEVER,10	12/90	93.32	162.06	27.37	185.00	185.00	132.50	7.1		26.1	42.0	2.3	87	1
HIND MOTOR,10	03/90	26.35	44.92	27.05	24.00	54.50	17.00	0.8	0.4	30.0	7.5	3.1	86	1
HINDALCO,10	03/91	38.77	253.87	75.48	302.50	355.00	206.25	16.7	19.8	18.1	30.0	1.0	90	3
HMM,10	03/90	14.18	93.90	76.22	387.50	400.00	317.50	12.4	5.3	31.2	40.0	1.0	87	1
HOECHST,100	03/91	9.58	60.82	734.86	3200.00	3650.00	2350.00	7.0	56.1	457.1	20.0	0.6	82	1
HOGANAS,10	03/90	1.15	0.29	12.52	130.00	146.25	23.75	4.0	1.4	32.5	15.0	1.2		
HOTEL LEELA,10	03/90	18.57	-2.20	8.82	19.00	26.00	14.00	0.1	-0.1	190.0				
HOUSING DEV FIN,100	03/91	45.00	108.65	341.44	400.00	475.00	260.00	66.2	62.8	6.0	22.0	5.5		
HYD.ALLWYN,10	12/88	17.45	10.70	16.13	12.00	25.00	8.00	1.4	1.2	8.6	15.0	12.5		
I.O.L.,10	03/90	14.80	31.44	31.53	49.50	56.00	31.00	0.2		247.5	10.0	2.0	86	1
ICI,10	03/90	40.87	84.19	30.60	59.00	67.50	27.50	-2.9	-2.1	31.7		5.9	78	1
ICIM,10	03/91	8.61	4.61	15.35	23.75	45.00	23.00	2.5	1.8	9.5				
INDIA CEMENT,10	03/90	4.90	48.96	109.96	175.00	175.00	73.75	5.9	7.0	29.7	15.0	0.9	69	2

Company / Face value	Year Ended	Equity Rs Cr	Re-serves Rs Cr	Book value Rs	Price 12.7.91	52 weeks High	52 weeks Low	EPS in Rs Year	EPS in Rs Half-yr	PE Times	Divi-dend %	Yield %	Bonus Year	Bonus Ratio
IA GYPSUM,10	03/90	8.98	-4.64	4.83	11.00	22.00	10.00	-2.4	-1.3					
IA POLYFIBRES,10	03/90	29.75	-2.73	9.08	9.00	22.00	7.00	-0.9	-1.1					
IA STEAMSHIP,10	03/90	10.15	-63.17	-52.24	13.40	16.50	8.70	1.8		7.4			75	1:1
IAN ALUM,10	03/90	41.50	49.09	21.83	182.50	250.00	152.00	14.1	7.0	12.9	25.0	1.4	77	2:5
IAN DYESTUFF,100	03/90	9.41	38.71	511.37	725.00	775.00	430.00	44.4	46.0	16.3	14.0	1.9	80	1:4
IAN HOTEL,10	03/90	14.79	51.27	44.67	110.00	127.50	85.00	7.8	-1.0	14.1	25.0	2.3	89	1:2
IAN ORGANIC,10	03/91	18.40	29.29	25.92	45.50	86.00	31.25	2.6		17.5	10.0	2.2	85	1:2
IAN RAYON,10	06/90	25.40	202.97	89.91	134.50	163.75	107.00	7.8	4.0	17.2	30.0	2.2	80	1:4
IAN SEAMLESS,10	03/91	3.86	7.04	28.24	142.50	165.00	72.50	14.6		9.8	25.0	1.8	89	3:4
OGULF FERT,10	03/90	164.92	0.25	10.02	36.50	47.00	23.50	0.1	-0.2	365.0				
U NISSAN,10	03/90	14.00	1.21	10.86	14.50	25.50	12.50	0.2	0.5	72.5	6.0	4.1		
GERSOLL,10	03/90	15.78	34.25	31.70	360.00	360.00	250.00	9.1	5.3	39.6	25.0	0.7	89	1:1
N EXCHANGE,10	03/90	3.50	11.10	41.71	92.50	92.50	55.00	2.9	0.7	31.9	13.0	1.4	88	4:5
TATA,10	03/90	12.00	-15.79	-3.16	71.00	71.00	22.00	2.9	1.4	24.5				
,10	03/90	86.34	152.27	32.95	201.00	201.00	100.00	7.9	5.7	25.4	37.5	1.9	89	1:1
CHEMICAL,10	03/91	4.04	13.33	43.00	148.75	207.50	82.50	18.2	17.0	8.2	30.0	2.0		
INDUSTRIES,10	06/90	14.04	27.86	29.84	87.00	93.75	47.50	11.8		7.4	30.0	3.4	67	1:1
SYNTHETIC,10	03/90	38.51	129.12	43.53	34.50	79.00	27.00	1.1	-5.7	31.4	20.0	5.8	83	1:3
YANT VITAMIN,10	06/90	3.87	5.11	23.20	26.00	44.00	23.00	4.2		6.2	10.0	3.8	87	2:5
LYANI BRAKES,10	03/90	3.90	-4.84	-2.41	72.50	105.00	42.50	4.0	2.1	18.1				
LYANI STEEL,10	03/90	4.72	9.06	29.17	250.00	500.00	220.00	19.7	5.7	12.7	75.0	3.0	90	1:1
LVINATOR,10	06/90	8.40	25.48	40.33	130.00	157.50	92.50	10.8	9.7	12.0	20.0	1.5	89	1:1
SORAM,10	03/90	11.46	53.78	56.93	92.50	132.50	65.00	2.3		40.2	10.0	1.1	79	1:2
ODAY DIST,10	03/90	9.00	8.88	19.87	27.00	42.50	25.00	5.9	2.8	4.6	12.0	4.4		
METIC ENGG,10	03/90	2.88	22.29	87.40	157.50	240.00	155.00	12.3	7.7	12.8	25.0	1.6	89	1:1
METIC HONDA,10	06/90	9.99	7.63	17.64	70.75	95.00	60.00	3.4	4.3	20.8				
RL CUMMINS,10	03/90	26.40	41.95	25.89	146.25	148.00	90.00	4.4	2.0	33.2	20.0	1.4	86	1:1
RL PNEUMATIC,10	03/90	3.85	11.28	39.30	37.50	85.00	35.00	6.7	1.5	5.6	18.0	4.8		
RLOSKAR OIL,10	03/90	5.75	13.16	32.89	73.75	82.50	33.75	5.2		14.2	16.0	2.2	76	3:7
OCKNER WIND,10	03/90	4.50	12.31	37.36	192.50	215.00	125.00	13.1		14.7	24.0	1.2	90	1:1
EB PUMPS,10	03/91	8.70	17.20	29.77	215.00	260.00	170.00	8.2	3.1	26.2	25.0	1.2	89	1:1
KME,10	03/90	3.15	9.67	40.70	270.00	300.00	165.00	5.6	4.8	48.2	28.0	1.0	89	1:2
RSEN TOUBRO,10	03/90	68.09	321.18	57.17	112.00	166.25	90.00	6.3	7.2	17.8	25.0	2.2	86	3:5
TON,10	12/90	15.75	24.51	25.56	137.50	137.50	65.00	3.7		37.2	22.0	1.6		
OYD STEEL,10	03/91	5.07	8.59	26.94	46.25	100.00	40.00	9.7		4.8	25.0	5.4	89	1:2
L,10	03/90	21.42	9.07	14.23	24.00	66.00	12.50	0.2	-0.2	120.0			80	4:5
ACNEILL MAGOR,10	03/90	2.74	39.99	155.95	104.00	106.00	90.00	11.9	8.4	8.7	25.0	2.4		
LDRAS CEMENT,100	03/90	3.02	18.65	717.55	4700.00	5400.00	2050.00	22.5	276.0	208.9				
LDURA COATS,10	03/91	32.71	58.05	27.75	250.00	270.00	150.00	6.8	7.8	36.8	35.0	1.4	90	1:2
LFATLAL FINE,100	03/91	14.48	21.05	245.37	650.00	690.00	360.00	31.8	6.6	20.4	17.0	2.6	80	1:3
LFATLAL IND,100	03/91	13.45	55.61	513.46	1160.00	1300.00	625.00	61.5	19.1	18.9	30.0	2.6	78	1:5
LHIN & MAHIN,10	03/90	19.26	113.23	68.79	66.25	115.00	60.00	8.3	3.3	8.0	25.0	3.8	84	2:3
LHINDRA NISSAN	03/90	19.26	0.15	10.08	14.50	28.00	12.50	-1.5	-2.5					
LHINDRA UGINE,10	03/90	11.50	26.98	33.46	53.75	85.00	47.50	4.1		13.1	20.0	3.7	88	1:2
LNGALAM CEM,10	03/91	7.11	13.42	28.87	80.00	86.25	47.50	5.8	1.5	13.8	24.0	3.0		
LNGALORE CHEM,10	09/90	59.72	0.17	10.03	11.50	35.00	10.00		-9.8			4.3		
STERSHARE,10	06/89	225.00	280.80	22.47	35.50	37.00	20.25	8.3		4.3	18.0	5.1		
THER PLATT,10	03/90	23.04	9.15	13.97	35.50	45.00	23.00	1.8	0.7	19.7	22.0	6.2	87	3:5
X INDIA,10	03/90	2.79	6.17	32.11	77.50	100.00	66.25	5.5	2.0	14.1	30.0	3.9		
ZDA INDUST,10	11/89	4.32	2.64	16.11	9.00	15.00	5.00	-0.7				14.1		
DOWELL,10	03/90	9.99	25.89	35.92	66.00	100.00	58.00	8.9	2.0	7.3	25.0	3.8	86	1:1
LEOD RUSSEL,10	03/90	6.25	22.38	45.81	160.00	160.00	93.75	13.9	13.6	11.5	60.0	3.8	89	3:5
TAL BOX,10	03/90	14.68	-26.32	-7.93	8.00	13.75	6.75	-9.4					67	1:2
ES INDIA,10	03/91	1.28	2.26	27.66	65.00	110.00	50.00	3.2	7.4	20.3	18.0	2.8	89	1:1
KFOOD,10	03/90	1.14	4.49	49.99	122.50	185.00	92.50	23.0		5.3	30.0	2.4	87	1:1
DI INDUSTRIES,10	03/89	3.30	23.65	81.67	12.50	30.00	10.00	-52.6	-1.6			3.2	69	1:5
DI RUBBER,10	03/90	10.38	52.50	60.58	61.00	95.00	55.00	6.9	3.8	8.8	25.0	4.1	84	2:5
DI XEROX,10	03/90	19.46	6.50	13.34	77.00	104.00	60.00	3.1	0.5	24.8	16.0	2.1		
TOR INDUST,100	12/90	36.05	67.85	278.32	1410.00	1410.00	700.00	39.2	19.4	36.0	14.0	1.0	86	1:1
IF,10	03/90	3.86	55.04	152.59	540.00	565.00	300.00	32.4	19.2	16.7	60.0	1.1	75	1:2
IKAND, 10	03/91	14.74	99.82	77.72	147.00	242.50	127.50	7.9	5.7	18.6	30.0	2.0	86	1:2
SORE CEMENT,10	03/90	19.23	97.87	60.89	68.00	68.00	11.00	-3.9	1.2	17.3		9.2	85	2:5
GAR FINANCE,10	03/90	2.43	4.87	30.04	15.00	22.50	13.00	7.1	3.2	2.1	25.0	16.7		
TION PEROXIDE,100	03/90	2.30	7.18	412.17	2050.00	2150.00	525.00	-19.1	-80.4		6.0	0.3		
TIONAL RADIO,100	03/90	6.98	3.75	153.72	550.00	700.00	275.00	14.0		39.3				
STLE,10	12/89	36.62	5.70	11.56	162.50	162.50	121.25	3.9		41.7	30.0	1.8	89	3:5
ILON,10	03/90	15.76	-23.74	-5.06	23.00	37.00	17.50	-11.8	-5.6				82	1:2
CIL,100	03/91	36.00	131.20	464.44	1330.00	1850.00	925.00	99.3	37.9	13.4	40.0	3.0	86	1:2
SSA CEMENT,10	03/90	5.40	47.44	97.85	170.00	185.00	80.00	2.5	0.5	68.0	20.0	1.2	87	1:1
KAY,10	03/90	86.29	51.65	17.79	36.50	47.00	19.00	0.2	0.5	182.5		17.5		
WAL AGRO,10	06/89	96.72	81.67	18.44	19.50	72.50	19.50	2.8	2.1	7.0	50.0	25.6	87	3:5
WAL FURANE,10	03/90	18.00	0.15	10.08	38.00	38.00	16.50	-2.5		90.0				
S ELEVATORS,10	03/90	5.37	20.34	47.88	205.00	245.00	170.00	7.5	3.5	27.3	25.0	1.2	85	1:1
IKE DAVIS,10	03/90	7.53	4.06	15.42	96.25	122.50	68.50	3.7	4.2	26.0	35.0	3.6	90	3:5
CO,10	03/91	33.32	62.16	28.66	89.00	92.00	54.00	8.3	2.9	10.7	20.0	2.2	82	1:5
ZER,10	03/90	11.72	16.91	24.43	100.00	156.25	60.00	2.3	1.8	43.5	20.0	2.0	77	4:5
POLYCHEM,10	03/90	6.00	17.30	38.83	65.00	108.72	63.75	11.5	4.1	5.7	25.0	3.8	90	1:2
POLYOLEFINS,100	03/91	19.30	64.83	435.91	1250.00	1450.00	850.00	83.2	33.8	15.0	40.0	3.2	86	1:2
PONDS,10	12/90	10.01	19.26	29.24	271.25	271.25	155.00	7.6		35.7	37.5	1.4	90	1:2
PREMIER AUTO,10	06/90	22.75	112.26	59.35	44.50	79.00	32.00	7.5		5.9	30.0	6.7	86	1:1
PROCTER & GAM,10	06/90	6.68	11.68	27.49	300.00	340.00	210.00	6.7	5.3	44.8	30.0	1.0	86	4:5
PSI DATA,10	03/90	6.50	-5.27	1.89	23.00	27.50	9.00	-19.1				11.0		
RALLIS,10	03/90	9.52	35.58	47.37	77.50	135.00	72.50	1.9	3.3	40.8	10.0	1.3	77	3:1
RANBAXY,10	03/91	9.11	41.37	55.41	227.50	227.50	95.00	13.3	6.6	17.1	25.0	1.1	86	2:5
RAYMONDS,10	03/90	22.47	80.46	45.81	155.00	178.00	90.00	8.1	7.2	19.1	20.0	1.3	87	1:1
RECKITT COLMAN,10	12/90	8.40	27.81	43.11	300.00	300.00	207.50	11.1	4.8	27.0	47.5	1.6	86	1:1
REGENCY CERAMIC,10	03/89	5.61	0.25	10.45	15.00	22.00	9.00	0.9	0.7	16.7				
RELIANCE PETRO	03/89	86.47	0.48	10.06	39.00	56.50	20.50	0.6		65.0	18.0	4.6		
RELIANCE,10	03/91	152.11	1038.03	78.24	136.00	234.00	91.25	8.3	5.5	16.4	30.0	2.2	83	3:5
REMINGTON,10	03/90	2.67	4.34	26.25	30.00	50.00	27.50	3.3	1.8	9.1	20.0	6.7	86	1:2
REVATHI C.P,10	03/91	1.80	5.41	43.81	100.00	100.00	75.00	9.5		10.5	25.0	2.5	87	1:1
RHONE-POULENC,10	03/90	4.50	14.22	41.80	117.50	118.75	63.75	9.8	3.1	12.0	15.0	1.3		
ROCHE PRODUCTS,10	03/90	4.81	6.23	22.95	75.00	75.00	37.50	2.2	1.9	34.1	12.0	1.6	80	1:3
ROSS MURARKA ,10	06/90	4.64	13.17	38.38	34.00	34.00	6.00	10.4	1.5	3.3	20.0	5.9		
S.I.VISCOSE,100	03/90	11.03	38.51	449.14	1225.00	2950.00	1150.00	202.0	63.9	6.1	45.0	3.7	87	1:2
SAMTEL INDIA,10	03/90	3.57	8.07	32.61	20.00	40.00	17.50	-8.4	-2.7	3.5		7.8	86	1:3
SANDOZ,10	12/89	5.30	24.68	56.57	112.50	136.74	80.00	11.2		10.0	18.0	1.6	90	1:2
SANDVIK ASIA,100	12/90	5.78	10.85	287.72	1175.00	1450.00	725.00	87.2		13.5	30.0	2.6	84	1:1
SCINDIA,20	03/90	18.95	-40.86	-23.12	15.50	15.50	7.00	-23.6	-3.8				77	2:5
SEARLE,10	03/91	5.22	20.79	49.83	160.00	160.00	110.00	7.9	4.9	20.3	22.0	1.4	86	1:2
SESA GOA,10	03/90	5.15	12.25	33.79	360.00	360.00	102.00	6.7	9.5	53.7	18.0	0.5	86	2:5
SHAW WALLACE,10	03/90	12.00	37.90	41.58	129.00	163.00	78.00	12.7	6.3	10.2	42.5	3.3	87	1:1
SIEMENS,10	03/90	20.77	61.17	39.45	150.00	150.00	118.75	4.4	4.0	34.1	30.0	2.0	86	1:4
SILTAP CHEMICAL,10	07/90	1.80	-0.76	5.78	130.00	140.00	65.00	0.4	-3.4	325.0				
SIPTA COATED,10	03/91	17.59	7.77	14.42	13.00	30.00	13.00	0.2		65.0		9.4		
SKF BEARINGS,100	03/90	24.70	52.45	312.35	2600.00	2775.00	1775.00	84.0	50.7	31.0	15.0	0.6	89	1:1
SOUTHERN PETRO,10	03/90	34.00	292.60	96.06	54.00	75.00	34.00	6.8	1.3	7.9	16.0	3.0	86	1:1
SPARTEK,10	03/90	4.56	5.91	22.96	67.50	75.00	45.00	6.8	3.8	9.9	18.0	2.7	89	3:5
SPECIAL STEEL,10	03/91	11.39	24.17	31.22	165.00	250.00	125.00	11.1	5.2	14.9	25.0	1.5	89	1:2
SRF,10	09/89	10.33	22.69	31.97	37.50	65.00	32.50	4.2		8.9	18.0	4.8	82	1:2
STANDARD IND,10	03/90	11.06	36.78	43.25	100.00	120.00	51.25	1.2	1.9	83.3	20.0	2.0	82	2:5
STANDARD MOTOR,10	03/88	4.37	3.96	19.11	20.00	26.00	11.50	-18.1				15.8	85	1:1
STRAW PRODUCTS,10	03/90	10.14	77.87	86.79	145.00	165.00	112.50	7.2	4.4	20.1	30.0	2.1	72	1:2
SU-RAJ DIAMOND,10	03/90	7.66	9.72	22.69	44.00	57.50	32.00	14.2	5.2	3.1	25.0	5.7		
SUND CLAYTON,10	05/90	9.48	23.99	35.31	40.00	65.00	36.00	0.1	1.1	400.0		5.4	87	2:3
SUND FASTENERS,10	03/90	5.10	13.30	36.06	101.00	137.50	95.00	9.3	2.6	10.9	27.5	2.7	88	3:5
SUND FINANCE,10	03/90	6.00	23.62	49.37	63.00	73.00	48.00	15.3		4.1	30.0	4.8	90	1:1
SUPREME INDUST,10	06/90	2.27	13.47	69.34	280.00	350.00	187.50	20.3	9.7	13.8	45.0	1.6	87	1:1
SWAD POLYTEX,10	03/90	3.90	11.77	40.18	38.00	90.00	35.00	4.6	1.3	8.3	17.5	4.6		
SYNTH & CHEM,10	03/90	11.42	9.75	18.54	44.00	65.00	38.75	4.3	2.7	10.2	25.0	5.7		
TATA CHEMICALS,10	03/91	73.76	236.40	42.05	75.00	117.00	60.00	6.0	2.2	12.5	25.0	3.3	89	1:2
TATA LOCO,10	03/91	103.67	479.21	56.22	150.00	266.25	147.50	13.7	5.1	10.9	40.0	2.7	82	2:5
TATA OIL,10	03/91	9.73	28.89	39.69	77.50	150.00	57.60	5.8	2.9	13.4	20.0	2.6	90	4:5
TATA POWER,100	03/90	21.22	76.04	458.34	2050.00	13650.0	950.00	56.9	28.0	36.0	20.0	1.0	75	1:5
TATA PRESS,10	03/90	1.57	5.62	45.80	45.00	75.00	32.00	-3.6		10.9	10.0	2.2		
TATA STEEL,10	03/91	229.43	1191.90	61.95	217.00	230.00	133.75	7.0	3.3	31.0	31.0	1.4	86	2:5
TATA TEA,10	03/91	17.10	143.64	94.00	362.50	450.00	275.00	30.2	16.3	12.0	101.0	2.8	88	3:5
TATA UNISYS,10	03/91	4.38	14.20	42.42	235.00	235.00	130.00	15.4	4.3	15.3	30.0	1.3	87	2:5
TEXMACO,10	03/90	1.87	11.06	69.14	58.00	84.00	42.00	-67.0						
TINPLATE,10	03/90	10.14	12.16	21.99	36.00	47.50	27.50	2.5	-4.3	14.4	15.0	4.2		
TUBE INVESTMENT,10	03/90	6.71	28.62	52.85	79.00	95.00	65.00	6.7	3.1	11.8	24.0	3.0	85	1:3
TUTICO ALKALIES,10	03/90	12.94	0.20	10.15	18.00	18.00	9.00	1.1	-0.8	16.4		44.4		
TVS SUZUKI,10	03/89	23.10	-5.50	7.62	13.50	26.00	11.00	1.3		10.4				
TWENT.CENT,10	03/90	8.88	12.44	24.01	31.00	52.00	26.25	4.5		6.9	22.0	7.1	88	2:5
U.B.LTD.,10	03/90	4.00	50.45	136.12	58.00	76.25	37.00	8.1		7.2	20.0	3.4	86	1:1
UNION CARBIDE,10	03/91	32.58	38.16	21.71	55.00	59.00	31.70	4.1		13.4	15.0	2.7	80	1:2
UNIT PHOSPHORUS,10	03/91	3.55	9.14	35.75	8.00	195.00	8.00	16.2	2.6	0.5	25.0	31.2		
UPCOM CABLES,10	03/89	5.92	1.88	13.18	13.00	27.00	11.50	4.3	-0.6	3.0	20.0	15.4		
VAM ORGANIC,10	03/90	5.16	20.35	49.44	187.50	195.00	111.25	15.7	5.7	11.9	35.0	1.9		
VIDEOCON INT,10	03/90	4.23	6.91	26.34	175.00	530.00	145.00	66.2	37.0	2.6	40.0	2.3		
VINDHYA TELE,10	03/91	3.90	21.06	64.00	63.75	135.00	57.50	2.8	1.4	22.8	24.0	3.8		
VOLTAS,100	03/91	19.85	74.92	477.43	120.00	140.00	95.00	92.2	5.8	1.3	27.0	22.5	89	1:2
VST INDUSTRIES,10	03/91	9.85	35.76	47.06	175.00	175.00	45.00	24.2	9.1	7.2	45.0	2.8	89	3:5
WALCHAND,100	09/89	3.00	2.46	182.00	27.50	32.50	16.25	-11.2		10.5			82	1:2
WARREN TEA,10	03/90	3.90	11.49	39.46	180.00	180.00	120.00	20.9	18.3	8.6	70.0	3.9	89	1:1
WIMCO,10	03/90	13.58	5.51	14.06	35.00	44.00	17.00	-2.9	0.7				70	1:5
Z F STEERING,10	03/90	2.25	1.02	14.53	41.00	80.00	37.50	2.0	1.1	20.5	12.5	3.0		
ZENITH,10	03/90	9.15	-11.20	-2.24	26.50	52.00	23.00	-28.4	-11.9	9.2	30.0	11.3	87	1:4
ZUARI,10	03/91	12.43	64.25	61.89	72.50	95.00	62.50	9.0	4.2	8.1	32.5	4.5		

Note: EPS: This represents the earnings after tax for the full year divided by the number of shares outstanding. EPS half year: after tax earnings per share for six months taking into account announced half yearly profits. PE: ratio of market price to after tax per share. Yield: dividend as a percentage of market price.

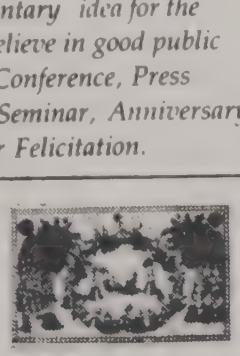
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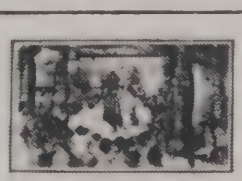
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ASHOK LEYLAND	2000	-	13.75	14.00
APAR LTD	3000	-	13.75	14.00
AMAL RASAYAN LTD	3000	13.00	14.00	14.00
ASIAN CABLES LTD	2000	-	13.50	14.00
APOLLO TYRES LTD	2000	14.00	14.00	14.00
AEGIS CHEMICALS	2000	14.00	14.00	14.00
BAJAJ TEMPO LTD	3000	12.00	13.00	14.00
BAJAJ AUTO LTD	5000	-	-	14.00
BALLARPUR IND	2500	-	-	14.00
BLUE STAR	3000	11.00	13.00	14.00
BOMBAY DYEING	5000	-	-	14.00
THE BOMBAY SILK	3000	14.00	-	-
BHARAT GEARS LTD	2000	14.00	14.00	14.00
BHARAT BIJLEE LTD	3000	-	-	14.00
B.S.E.S. LTD	5000	12.00	13.00	14.00
CEAT LTD	3000	-	-	14.00
DCW LTD	3000	12.50	13.50	14.00
EAST INDIA HOTELS	1000	-	-	14.00
EMPIRE INDUSTRIES	1000	13.00	14.00	14.00
ESSAR SHIPPING	3000	13.00	13.50	14.00
EUREKA FORBES	3000	11.50	12.50	14.00
E. MERCK	3000	-	-	14.00
EWART INVESTMENT	3000	-	-	14.00
GAMMON INDIA LTD	5000	-	14.00	-
	3000	-	-	14.00
GARWARE PAINTS	2000	13.50	14.00	14.00
GNFC LTD	3000	-	-	14.00
GABRIEL INDIA	3000	-	-	14.00
GARWARE PLASTICS	2000	-	-	14.00
GARWARE ROPES	3000	-	13.50	14.00
GRINDWELL NORTON	2000	14.00	14.00	14.00
HOECHST INDIA LTD	5000	-	-	14.00
HINDUSTAN ALLOYS	3000	13.50	14.00	14.00
HINDUSTAN CONST.	3000	-	-	14.00
HARRISON MAL	3000	-	13.00	14.00
HERCULES HOISTS	2000	13.50	-	14.00
HIND RECTIFIERS	3000	14.00	14.00	14.00
INVESTMENT CORP	3000	-	-	14.00
INVESTA LTD	3000	-	-	14.00
ITC LTD	5000	-	-	14.00
IVP LTD	5000	-	14.00	14.00
ION EXCHANGE (I)	4000	-	-	14.00
INDIAN HUME PIPE	3000	-	14.00	14.00
JAYANT VITAMINS	3000	-	14.00	14.00
J.B.A. PRINTING	3000	13.00	13.50	14.00
J.K. SYNTHETICS LTD	15000	14.00	-	-
	3000	-	14.00	14.00
J.K. INDUSTRIES LTD	2000	13.00	13.50	14.00
JINDAL STRIPS LTD	2000	14.00	14.00	14.00
KEC INTNL LTD	3000	-	-	13.00
KHATAU JUNKER	2000	14.00	14.00	14.00
KINETIC ENGG	5000	-	-	14.00
LIPTON	5000	-	14.00	14.00
LLOYD'S STEEL IND	3000	-	14.00	14.00
MUKAND LTD	3000	12.00	13.00	14.00
MERIND LTD	3000	10.00	12.00	14.00
NELCO LTD	3000	-	-	14.00
THE PREMIER AUTO LTD	3000	12.00	13.00	14.00
PREMIER CONSTRUCTION LTD	3000	-	14.00	14.00
PRECISION FASTENERS LTD	2000	-	14.00	14.00
PREMIER AUTO ELECTRIC LTD	3000	-	14.00	14.00
POLYCHEM LTD	25000	14.00	-	-
	15000	-	14.00	-
	2000	-	-	14.00
RELIANCE INDUSTRIES LTD	-	14.00	-	-
	-	-	14.00	-
	5000	-	-	14.00
SHREE SYNTHETICS LTD	2000	12.50	13.50	14.00
S.P.I.C. LTD	3000	-	-	14.00
SANDVIK ASIA LTD	2000	-	13.00	14.00
STEEL AUTHORITY OF INDIA	5000	10.50	11.50	13.00
STRAW PRODUCTS LTD	3000	13.00	13.50	14.00
SPECIAL STEELS LTD	5000	-	-	14.00
TITAN WATCHES LTD	5000	-	-	14.00
TATA OIL MILLS	5000	-	-	14.00
TATA KELTRON LTD	5000	-	-	14.00
TATA SONS LTD	5000	-	-	14.00
TATA INDUSTRIAL FIN	5000	-	-	14.00
UNBRAKO	2000	14.00	14.00	14.00
VIP INDUSTRIES LTD	2000	-	14.00	14.00
WIPRO LTD	4000	-	-	14.00
ZUARI AGRO CHEMICALS LTD	10000	12.50	-	-
	5000	-	13.00	-
	2000	-	-	14.00

Cumulative deposit scheme (current for August 1991)

Name of the company	Minimum deposit	Maturity amount	Period (years)	Annual compound rate of interest (%)
ACC	3000	4503	3	14.90
ASEA	3000	4533	3	14.93
APOLLO TYRES	3000	4555	3	14.94
ASHOK LEYLAND	2000	3025	3	14.63
AMFORGE INDIA	3000	4533	3	14.59
ASIAN PAINTS	5000	7504	3	14.34
APAR LTD	3000	4533	3	14.76
AMAL RASAYAN	3000	4502	3	14.49
BEST & CROMPTON	3000	4554	3	14.94
BERGER PAINTS	3000	4533	3	14.93
BATA	3000	4503	3	14.90
BURROUGHS WEL	3000	4555	3	14.94
BLUE BLENDS	3000	4533	3	14.93
BAJAJ AUTO	5000	7504	3	14.49
BENETT COLEMAN	3000	4533	3	14.93
BROOKEBOND IND	5000	7505	3	14.60
BHADRACHALAM P	3000	4554	3	14.79
BLUE STAR	3000	4530	3	14.72
BAJAJ TEMPO LTD	3000	4502	3	14.49
BHARAT BIJLEE	3000	4502	3	14.49
CAPRIHANS	3000	4553	3	14.94
COSMO FILMS	3000	4554	3	14.77
C.P. TOOLS (I) LTD	4000	6000	3	14.49
DCW LTD	3000	4533	3	14.75
DUNLOP	3000	4533	3	14.93
ESCORTS	3000	4500	3	14.90
ESSAR SHIPPING	3000	4533	3	14.75
EUREKA FORBES	3000	4503	3	14.00
FOODS& INNS	2000	3022	3	14.59
GAMMON IND	3000	4555	3	14.75
GTC IND	3000	4533	3	14.93
GODFREY PHILIPS	3000	4533	3	14.75
GKW	2000	3036	3	14.77
HIND CONST	3000	4533	3	14.93
HIND ALLOYS	3000	4533	3	14.75
HIND RECT	3000	4566	3	14.94
HARRISON MALY.	3000	4533	3	14.59
HCL	5000	7555	3	14.75
IVP	5000	7555	3	14.75
ITC	5000	7555	3	14.75
INDIA CEMENT	3000	4542	3	14.85
ICI LTD	4000	6044	3	14.59
JAYANT VITAMINS	3000	4502	3	14.75
J.K. SYNTHETICS	3000	4500	3	14.47
J.K. INDUSTRIES	2000	3022	3	14.90
J.B.A. PRINTING	2000	3022	3	14.75
KANORIA CHEM	3000	4533	3	14.93
KIRLOSKAR INV	2000	3036	3	14.94
KEC INTL	3000	4377	3	13.42
LUPIN LABS	4000	6072	3	14.93
L&T	3000	4468	3	14.20
LLOYD'S STEEL	3000	4502	3	14.49
LIPTON INDIA LTD	5000	7504	3	14.49
MGF (INDIA)	2000	3036	3	14.93
MODI XEROX	2000	3036	3	14.93
MCLEOD RUSS	4000	6044	3	14.74
MODIPON LTD	2000	3001	3	14.49
MUKAND LTD	3000	4502	3	14.49
NAGARJUNJA FIL	2000	3036	3	14.94
NELCO	3000	4502	3	14.49
PARAS SYNTH	3000	4560	3	14.98
PEICO	3000	4502	3	14.49
PRECISION FAST	2000	3022	3	14.90
PADAMJEE PULP	3000	4533	3	14.75
PREMIER AUTO	3000	4502	3	14.49
PREMIER CONST.	3000	4533	3	14.75
RAPICUT CARB	2000	3036	3	14.94
RANBAXY	5000	7555	3	14.75
RATHI ALLOYS	2000	3040	3	14.98
RELIANCE	5000	7550	3	14.75
REGENCY CERAMICS	3000	4533	3	14.75
SAKTHI FINANCE	5000	1518	3	15.03
SOUTH VISCOSE	3000	4533	3	14.75
SAIL	2000	2950	3	14.34
SHRIRAM FIBRES	2000	3022	3	14.75
STRAW PRODUCTS	3000	4502	3	14.49
SESA GOA	3000	4553	3	14.94
SAE	3000	4555	3	14.94
THAPAR AGRO	3000	4533	3	14.75
TATA TELECOM	5000	7504	3	14.49
TATA FIN	5000	7504	3	14.49
TATA SONS	5000	7408	3	14.00
UNBROKO	2000	3022	3	14.90
UNIPLAS	3000	4555	3	14.78
USHA ALLOYS	3000	4554	3	14.93
UPTRON	3000	4553	3	14.94
VIP IND	2000	3022	3	14.90
WS INDUS	2000	3022	3	14.75
WIPRO LIMITED	4000	6003	3	14.49
ZUARI AGRO	2000	3037	3	14.91

Note: The above list is a selection of companies which accept deposits from their shareholders or from the public. Public limited companies offer lower rates than many sound private limited companies or partnership firms. Readers are advised to take suitable professional advice.

Hats off to the ladies duo

ave for Punjab tractors that went up smartly y 20 per cent, all the other scrips registered light declines. For the contest under review IC345) we have two winners — Gayathri henoy and W. Fernandes. Congrats!

Scrips	Prices as on Friday 31 May 1991 (Rs.)	Prices as on Monday 1 July 1991 (Rs.)	Ranks
Asian Cables	39.00	35.00	6
Bhadrachalam Paper	162.50	150.00	4
Brittania Ind	147.50	135.00	5
Punjab Tractors	225.00	270.00	1
Shree Cement	66.00	61.00	3
Voltas	121.25	115.00	2

Given here is a new list of six scrips, and their closing prices on 12 July 1991. Pick the share that you think will rise the most in percentage terms by 12 August 1991 and rank it number one. Then choose the one that you expect will rise the second most and rank it number two. Then number three, and so on till rank six. It's as simple as that!

So, in this Investor Contest, you don't have to predict the price of shares; you merely have to rank the performance (in percentage terms) on the basis of the prices you expect each to reach on 12 August 1991. You don't have to tell us the prices nor even the percentage changes you expect — only fill in the ranks from one to six.

Please note that if you assign the same rank to two scrips, then the following one should be ranked the next consecutive number. For example, if you rank two shares at number three, the next will be number four (in which case, of course, your last rank will be five).

ules:

. There is no entry fee.

. The price mentioned last in the official uotation list will be taken as correct for the urposes of calculation. If the stock exnange remains closed on the stated last ay, the closing price on the prior day will e used.

. Entries must be on the printed form given elow. Any other entries will be disqualified.

4. Only one entry will be permitted per form.

5. Envelopes sent in should be marked Investor Contest. All entries should be sent to: Investor Contest, **Business India**, Wadia Building, 17/19 Dalal Street, Bombay 400 001, by 5 pm, 8 August, 1991.

6. Business India's decision on the winning entries is final and binding, and no correspondence in this regard will be entertained.

7. The contest is open only to residents of India. No employee (or any direct relation of an employee) of the **Business India group of publications** is entitled to enter the contest.

8. The prize of Rs.5,000 will not be carried forward if there is no winner. In the event that there is more than one winner, the prize will be shared equally.

ame of scrip	Prices as on Friday 12 July, 1991 (Rs.)	Rank as on Monday 12 August, 1991 (please fill in number)
stra Idl	88.75	
ajaj Auto	582.50	
sab India	96.25	
.E. Shipping	73.50	
arke Davis	96.25	
esa Goa	360.00	

Name: _____

_____

Address: _____

_____

_____

Age: _____

Profession: _____

Date: _____

IC349

Towards a harmonious society



NIPPON, NEW SUPERPOWER: JAPAN SINCE 1945
By William Horsley and Roger Buckley
BBC publication, distributed by UBS, 1990, pp 278, Rs.570

One is impressed by the quality of writing and research that goes into modern western journalism at its best, as in the case of the book under review. Too often, there is a dichotomy between scholarship and journalism, at least such as is evident in our journalism.

Written by TV journalists in a style that is easy to read, this book is studded with many interesting observations about Japanese life and society. It covers the period from the surrender of Japan at the end of World War II to the present day.

The authors trace one of the most spectacular economic success stories in the annals of economic history: the transformation of a small rocky island nation of rice farmers and fishermen to the most formidable economic power of the 20th century. The book, however, is not just concerned with narrating this saga of unparalleled economic growth and prosperity, it is concerned with the future, how this prosperity is to be used by Japan in the modern power equations and how the Japanese see themselves in the next century.

Economic power rules

Perhaps one can start analysing the authors' perceptions as to what the Japanese want. The authors are clearly of the view that the talk of Japan emerging as a major military power in its own right is unfounded. Yet it is not that the Japanese see themselves playing no role in the international polity — far from it. The Japanese consider that economic power is the decisive power in today's world, and this conforms with their vision of society as being one of harmonious relationships, leading perforce to order and prosperity.

The most interesting aspect of this book is the early part. How did this feudal authoritarian society become a democracy with civil rights? It must be said that much of what modern Japan is today owes itself to the US occupation after the last war and to the enlightenment of US officials of the calibre of General Douglas MacArthur.

The role of politicians in Japanese public life is not dissimilar to that played by Indian politicians. They act as arbiters of conflicting interests in society, attaching themselves to various special interest groups such as the rice lobby or the telecommunications lobby, where they openly receive financial contributions, which permit them to enrich themselves. The authors dissect the various scandals that have plagued Japanese public life,

The authors trace one of the most spectacular economic success stories in the annals of economic history: the transformation of a small rocky island nation ... to the most formidable economic power of the 20th century

such as the Recruit Scam which put our Bofors scandal into the shade.

However, the discussion of Japanese economic policy interwoven with the social system in this book is exemplary. What is interesting is a discussion of the goals that Japan had set for itself in the middle of the 19th century. Apparently, the aim of the Japanese rulers had been to avoid the fate of other Asian countries, principally India. India had been colonised, and its mainstay, cotton, had been ruined by being exposed to British free trade.

This book should be required reading for those on the Indian right who keep on castigating Nehruvian economic policies for being influenced by Fabian socialism. Whether Fabian socialist or not, for any country requiring to industrialise, role of the state cannot be wished av The early Japanese policy on ind trialisation was not dissimilar to Ind policies of the same period, the only ference being that the capital mark and trade were liberalised radically 1960, giving greater impetus to growt

This book should be required reading for those o the Indian right who keep o castigating Nehruvian economic policies for being influenced by Fabian socialism

The aims of the Five Year Plans we remarkably similar to those in India modernising Japan's production faci ties, boosting exports, reducing impor encouraging household savings we some of the goals of central planning. B this system of planning was engrafted a social system which was based on profound sense of harmony and c operation, perhaps stemming fro Japan's agrarian origins. The cultivatio of rice, Japan's staple food, requires ha monious communal effort for irrigatir the fields, planting and harvesting.

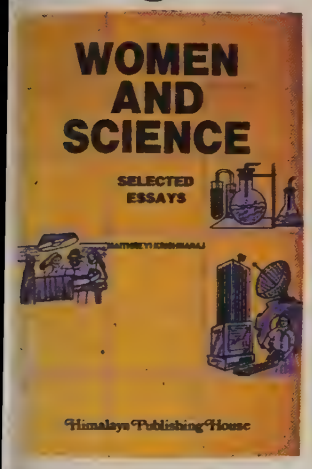
Anarchic society

Moreover, the education system was ce tral to the economic transformatio something we have neglected in India t our detriment. The point which emerge is that much of the criticism of econom planning rests on the Indian exampl which owes perhaps more to the anarch nature of Indian society than any inhe ent flaws in central planning.

At the beginning of the review, it wa mentioned that books like this, whic purport to be country studies, are excel lent examples of the quality of wester journalism. Such books are not easy t write. Often, they can be superficial to th point of redundance. But to cover a coun try's economic and political system to gether with history, some sociology an anthropology, plus a review of inter national relations and history, all in jus over 270 pages is a remarkable feat o concision and lucidity. Particularly whe that country happens to be as comple and alien as Japan.

■ JAVED GAYA

Calling for systemic changes



WOMEN AND SCIENCE — Selected Essays
By Maithreyi Krishnaraj
Himalaya Publishing House, Bombay, 1991, pp 332, Rs.275

The Indian woman's involvement in scientific endeavours, what science means to women scientists, the problems faced by them in professional environments, job satisfaction, demands of career and home — these are the crucial issues Maithreyi Krishnaraj examines in her book. She uses the history of women in science (in the West and India) to answer questions like: Does working in scientific establishments promote rational thinking and practice among women scientists? Do women scientists differ from their male counterparts? Are women less tuned to a "scientific temper"?

Sample survey. What stands out in *Women and Science* is the examination of the relationship of women scientists between career motivation, societal expectation and social conditioning. There is a sample survey of 400 women scientists and in-depth case studies of 30, which give personal profiles of the respondent, her family, career status, and her approach to her career.

The study reveals that women are less represented in science. It is very difficult for women scientists to reach the top despite ability, qualifications and creative potential. The author also notes that compared to the West, India has more women in science because the middle-class Indian woman has kin or domestic servants to help at home. Krishnaraj also points out that Indian middle-class husbands allow their wives to pursue a profession, because they look at it as a status symbol.

Women and Science has considerable historical background. Using evidence from Europe, America and other countries, Krishnaraj explains how women's contributions to science remains obscured. Inadequate opportunities and training, career interruptions, the masculine bias in science and other hindrances account for the low career status of Indian women scientists. Even the Indian Women Scientist Association (formed in 1975) exhorted women scientists to be "superwomen" instead of questioning the "institutional framework" that hides discrimination within a supposed equal opportunity facade.

Krishnaraj recommends overall systemic changes that would question gender discrimination in the family and in the society, in scientific institutions, government policies and finally in our value system that treats women as an auxiliary force, not as half the potential human resource of the country. She proves that without challenging the subordination-domination relationship between women and men in our society, it is not possible to enhance the status of women in science.

■ VIBHUTI PATEL

Providing a structured approach



TEACHING HARD, TEACHING SOFT: A structured approach to planning and running effective training courses
By Colin Corder
Gower Publishing Company, pp 187, Rs.1,125

One of the major areas of concern of management trainers is the methods to be used for improving the effectiveness of training. This book attempts to provide a structured approach to planning and running effective training courses. The author classifies the teaching approach into hard and soft categories — hard teaching concerned with facts, techniques and methods that involve answers, figures, proof or mastery of skill and soft teaching covering ideas, concepts and attitudes where argument and opinion prevail.

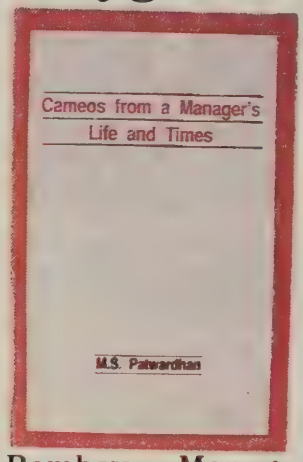
Soft subjects being more abstract, are more difficult to teach. They are to be hardened so that the teaching becomes easier. It's in the light of this central theme that the author examines learning and teaching styles.

The author has discussed the various types of learning styles of the participants. But he has not touched upon the management games, exercises and instrumentation which are more commonly used in the present day training programmes. The book tries to look at the subject from a new perspective, which could make it useful for trainers.

■ K. N. PILLAI

The reviewer is manager (training and recruitment), Bharat Petroleum

Reflections of a bygone era



CAMEOS FROM A MANAGER'S LIFE AND TIMES
By M.S. Patwardhan
Bombay Management Association, pp.96, Rs.90

Bombay Management Association (BMA) is to be complimented for bringing out this elegant publication. The book, released recently by the celebrated 'steel' man, Russi Mody, turns out to be a blue-chip investment.

The time frame of the events is the sixties. The experiences, episodes and the anecdotes reflect the images of the bygone era. Throughout the book, the author has achieved genuineness, authenticity and openness in his narrative, applying the transactional analysis (TA) as parameter. His diction is excellent. There is no attempt to preach, pontificate or debunk. Patwardhan comes through as a Doyen Emeritus among the chief executives India has today.

The chapter on games, providence and eternal faith in human mortals adds a punch, the recipes for which can come only from a connoisseur like Patwardhan. But the pageant would have been more picturesque if a few pencil sketches, *a la* R.K. Laxman, had been included in the book. In fact, a creative publisher would have put a cartoon in every chapter.

The book is laid out and printed well, justifying the exclusion of an errata page.

■ SHARAD A. PURANDARE

The reviewer retired as manager, personnel, PIL, Bombay

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The Kitchen Special 1991



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Towards a new paradigm

Andhra Pradesh Paper Mills Ltd (APPM) is an exemplary turnaround story. In March 1991, for the first time in four years, the company posted a record net profit of Rs.13.22 crore and declared a dividend of 25 per cent. The unit's present capacity utilisation, at 90 per cent of its installed capacity of 85,000 tonnes per annum, shows a 25 per cent improvement over the 1986-87 value.

That was the year of reckoning for APPM. Saddled with cumulative losses of Rs.7 crore, restive labour and a flight of managerial talent, the promoters of the company decided to withdraw from the scene of action and hand over charge to professional managers. The turnaround was immediate and cumulative. Besides circumscribing the various corporate functions under specific wings such as works, marketing, finance, inventory control, etc. "the most formidable turnaround task," according to M.V.G. Rao, the author of a case study on APPM, "was remoulding the quarter-century-old culture of the company." Rao writes that, with the introduction of a bold human resource development (HRD) drive, the first of its kind in the company, a judicious redeployment of manpower was undertaken. This enhanced capabilities and engendered amiable industrial relations, which translated into higher profits and productivity.

Tool of change

Similar instances of successful corporate restructuring have begun to surface — SAIL, Modi Xerox, Sundaram Fasteners and others; organisations that have characteristically employed HRD as the chief tool of management change. Indeed, of late, the use of HRD as an integral part of corporate functioning is gaining currency in the country. T.V. Rao, professor of organisational behaviour at the Indian Institute of Management, Ahmedabad (IIMA), says, "Managers no longer perceive HRD as merely dealing with personnel issues like performance appraisal and promotions. Instead, it is appreciated as a tool capable of rendering organisational changes to promote overall efficiency."

In fact, Rao advocates a larger role for HRD beyond the confines of the corporate world to non-profit areas such as health, policy formulation and education. One of the perceived important areas of HRD application is the development of teachers. This, feels Rao, will generate a cascading effect. This and other objectives, primarily the generation, storage and dissemination of HRD-related knowledge, form the mission of the recently constituted Academy of Human Resources Development at Ahmedabad.

The academy receives support from both the IIMA, which has loaned the services of T.V. Rao as honorary director as a part of its ongoing institution-building activity, and the Ahmedabad Management Association (AMA), which has provided it with working space. The academy will eventually move into its own set of classrooms and residential buildings, proposed to be erected on a 10-acre stretch of land at a capital cost of about Rs.1.5 crore. The state government has been requested to allot it adequate space in Gandhinagar. At the operational level,

The establishment of the academy is most opportune. Academics however feel that the academy must steer clear of reducing HRD into routine appraisal exercises

the academy will employ ten full time HRD specialists drawn from industry and the academic world for a two-year teaching spell. Other visiting faculty will participate for shorter durations. The academy commenced its first session in June 1991, when it held its two-phase HRD facilitators' programme. Aimed at improving the organizational development skills of personnel, training, HRD and other line managers, it drew 35 participants from all over the country. The academy's one-year diploma course in HRD has also taken off. Designed as a distance education programme, with contact sessions in the form of regional workshops, it will provide a theoretical base for practising HRD managers.

By 1992 the academy proposes to offer enrolment for Ph.D. as well. Besides undertaking R&D, the academy will establish an HRD data bank, where information on HRD practises and experiences will be available in both the documented and audio-visual forms. Select information is intended to be disseminated through the academy newsletter and other publications.

What started it off

The establishment of the academy has been the logical outcome of a nation-wide HRD network that took root in 1985. That year, in March, at the concluding session of the first national seminar on HRD held at Bombay and jointly organised by the XLRI Centre for HRD, Jamshedpur, and Larsen & Toubro Ltd, the idea of forming an HRD network was mooted. Says professor Narendra Dixit of IIM Lucknow, "The participants decided then to set up a body of people interested in HRD, who would meet on a continuous basis and regularly exchange and share their experiences in HRD."

To facilitate the process, the network established chapters in the metropolises, started the publication of a newsletter (it will now be published by the academy) and has by now enlisted almost 700 members from the Indian corporate and academic worlds. The network actively collaborates with various professional bodies such as the Confederation of Engineering Industry, Indian Society for Training and Development, National Institute of Personnel Management, and conducts symposia and conferences regularly.

The establishment of the academy is most opportune. The World Bank in its World Development Report, 1991, listed development of manpower as one of the parameters among the four spelt out for the economic and national well-being of a developing country like India. To quote a recent press report, "the Bank states that investing heavily in people makes sense not just in human terms, but also in hard-headed economic terms." Academics however feel that the academy must steer clear of reducing HRD into routine appraisal exercises.

"The approach in HRD needs to be more organic," says Pradeep Khandwalla, director at the IIMA. "It should be one that fosters innovation as compared to the mere form filling and evaluation techniques." The academy certainly has a great deal of work ahead of it if it is to establish a new HRD paradigm. It will need support from all quarters if it is to really get its act together.

■ NEERA SETHI

Senior executive positions

A compilation of executive positions advertised in *Business India* and other major publications between 2 and 14 July 1991.

THE FOUR BEST JOBS

- EXECUTIVE DIRECTOR (Technical) * Delhi * *Sal* Comparable to the best * *Age/Qlfn* NS * Electronics engineer * *Reqd* 20 years experience * *Cont* Ashok K. Malhotra, Director, Dalmia (Bros.) Pvt Ltd, Telecom House, L-12 South Extension II, Delhi 110049 (ToI - 8.7)
- PRESIDENT * Alwar * *Sal* Outstanding * *Age/Qlfn* 40-45 years * MBA/CA/graduate * *Reqd* 15-20 years at senior level including 5 years as head of production engineering in a synthetic spinning unit * *Cont* The Executive Vice-President (HRD), Modern Group of Industries 709, Ansal Bhavan, 16 Kasturba Gandhi Marg, New Delhi 110001 (ToI - 7.7)
- CHIEF EXECUTIVE * Bombay * *Sal* Attractive * *Age/Qlfn* 35-40 years * NS * *Reqd* Experience in a reputed bank/finance company * *Cont* The Executive Director, Wall Street Finance Ltd, 21 Lakozy Mansion, Chowpathy Seaface, Bombay 400007 (ToI - 8.7)
- PRESIDENT (Technical) * Ahmedabad * *Sal* Excellent * *Age/Qlfn* 40-45 years * B.Tech * *Reqd* 15-20 years experience in large textile units including 5-7 years as head of production * *Cont* Executive Director, Modern Denim Fabrics, B/201, Popular Centre, Someshwara, Complex No.1, Satellite Road, Ahmedabad 380015 (ToI - 8.7)

NATIONAL

- GENERAL MANAGER * NS * *Sal* Attractive * *Age/Qlfn* NS * PG in microbiology/biochemistry * *Reqd* 12-15 years experience in antibiotic production, including 5 years at senior level * *Cont* Director-in-charge, Torrent Gujarat Biotech Ltd, Torrent House, Ashram Road, Ahmedabad 380009 (ToI - 8.7)
- VICE-PRESIDENT * NS * *Sal* * *Age/Qlfn* NS * Engineer MBA * *Reqd* 15 years marketing and sales experience * *Cont* Ashok K. Malhotra, Director, Dalmia Brothers (Pvt) Ltd, Telecom (ToI - 8.7)
- COMPANY SECRETARY * NS * *Sal* NS * *Age/Qlfn* 35-40 years * Company secretary preferably LLB * *Reqd* 10 years experience in a reputed organisation * *Cont* CS/91/26, Lakshmi Card Clothing Mfg. Co. Ltd, Human Resources Development Department, Kuppuswamynaidupuram, Coimbatore 638662 (ToI - 8.7)
- VICE-PRESIDENT (Consumer) * NS * *Sal* Attractive * *Age/Qlfn* 38-42 years * MBA * *Reqd* Experience in consumer products marketing * *Cont* Nobel House, Management Placement Consultants, P.B. No.3531, New Delhi 110024 (BI - 21.7)

WEST

- DEPUTY GENERAL MANAGER (Commercial) * Bombay, Gujarat and MP * *Sal* Rs. 1.75 lakh pa + car * *Age/Qlfn* * Graduates * *Reqd* 10-12 years experience * *Cont* Ms Pratibha Sheta, Executive Director, Shilputsi Consultants, P.B. No.9386, Bombay 400026 (ToI - 1.7)
- VICE-PRESIDENT * Bombay * *Sal* Best in industry * *Age/Qlfn* NS * Graduate mechanical engineer, preferably MBA * *Reqd* 15 years experience, including 5 senior level * *Cont* Boyden International, 616 Maker Chambers V, N.Point, Bombay 400021 (ToI - 1.7)
- VICE-PRESIDENT (Operations) * Bombay * *Sal* Comparable to the best in industry * *Age/Qlfn* mid-thirties * NS * *Reqd* 10 years professional track record, including 3 years as regional manager * *Cont* Intec Systems, 1st floor, Marwah House, 3 Marwah Estate, Saki Vihar Road, Andheri (E), Bombay 400072 (ToI - 8.7)
- SENIOR MANAGER * Taleja * *Sal* Not limiting factor * *Age/Qlfn* NS * Chemical engineer * *Reqd* 15 years experience in process industry * *Cont* Nision Management Services Pvt Ltd, 72/A, Advent, General J B Marg, Opp Mantralaya, Nariman Point, Bombay 400021 (ToI - 8.7)

NORTH

- CHIEF - INDIA OPERATIONS * New Delhi * *Sal* Reflecting the position * *Age/Qlfn* NS * Technically sound in garment production * *Reqd* Knowledge of US retail markets. 7-10 years experience in senior management position * *Cont* CMS, MVL Narasimhan, Capital Management Services, HS-28 Kailash Colony Market, New Delhi 110048 (ToI - 1.7)
- VICE-PRESIDENT (International Marketing) * New Delhi * *Sal* NS * *Age/Qlfn* 45 years * Engineers with business management or foreign trade * *Reqd* Should possess a successful track record in leading dynamic team of pros in international marketing * *Cont* The Executive Director, Mohan Exports (I) Ltd, Mohan House, Zamrodpur Community Centre, Kailash Colony Extension, New Delhi 110048 (HT - 3.7)
- VICE-PRESIDENT (Finance) * New Delhi * *Sal* Attractive * *Age/Qlfn* Around 45 years * CA or MBA (Finance) * *Reqd* 15 years experience with at least five years in overall responsibility in a large industrial company * *Cont* Post Box No.676, New Delhi 110001 (BI - 21.7)

EAST

- VICE-PRESIDENT (Operations - Refractory/ceramic/cement industry) * Rourkela * *Sal* NS * *Age/Qlfn* 45-50 years * Graduate engineer * *Reqd* Should be a strong manager and administrator with proven skills in the areas of resource and project planning * *Cont* VPOR/BPA/3083, ABC Consultants Pvt Ltd, 6A Middleton St, Calcutta 700071 (S-7.7)
- CHIEF EXECUTIVE * NS * *Sal* Attractive * *Age/Qlfn* * BE/CA/MBA * *Reqd* 20 years experience including 5 years in senior position in reputed engineering industry * *Cont* Dr.K.K.Anand, Anand Consultants, 914, Maker Chamber V, Nariman Point, Bombay 400021 (ToI - 1.7)

SOUTH

- GENERAL MANAGER * Hyderabad * *Sal* NS * *Age/Qlfn* NS * Mechanical engineer * *Reqd* 10-12 years experience, dealing with auto components are essential * *Cont* T.Satyanarayanan, Director, TS&Associates, C/o Vanbey Business Centre, F1, Gajel Appartments, 152 Greams Road, Madras 600006 (H - 2.7)

OVERSEAS

- GENERAL MANAGERS * Kenya * *Sal* NS * *Age/Qlfn* 35-45 years * Graduate preferably PG in management * *Reqd* Senior level experience of managing production/commercial operation in steel industry * *Cont* Ref.No.CMP/F-4273, Datamatics Staffing Services, P.B. No.106, GPO, Bombay 400001 (HT - 8.7)
- GENERAL MANAGER * Middle East * *Sal* NS * *Age/Qlfn* NS * Engineer * *Reqd* 15-20 years experience in management of fire clay brick plant/ceramic industry * *Cont* Chief Personnel Manager, Gimmco International, Prakash Deep, 7 Tolstoy Marg, New Delhi 110001 (H - 10.7)

Executive positions

ToI — Times of India; *IE* — Indian Express; *H* — The Hindu; *S* — Statesman; *HT* — Hindustan Times; *ET* — Economic Times: *Econ* — Economist; *BI* — Business India

NATIONAL

- PRODUCTION MANAGER * NS * *Sal* NS * *Age/Qlfn* NS * Graduate in mechanical engineering/metallurgy * *Reqd* 15 years of relevant industrial experience. Should have worked at managerial level in a reputed forging/automatic company for at least 5 years * *Cont* Divisional Manager (Personnel), Bharat Forge Ltd, Mundhwa, Pune 411036 (S - 3.7)
- MANAGER (Product Application Development) * Pune * *Sal* Attractive * *Age/Qlfn* NS * Graduate in textile technology * *Reqd* 10 years experience in art silk synthetic fibre industry * *Cont* The Personnel Manager, Century Enka Ltd, Bhosari, Pune 411026 (ToI - 11.7)
- REGIONAL MANAGERS * National * *Sal* NS * *Age/Qlfn* 30 years * Graduate * *Reqd* 5-7 years relevant experience in sales and distribution of food products * *Cont* Vice-President (P&P), Cadbury (I) Ltd, Cadbury House, B. Desai Road, Bombay 400026 (HT - 1.7)
- PROJECT MANAGER/WORKS MANAGER * North/South India * *Sal* NS * *Age/Qlfn* 35 years * Preferably MBA * *Reqd* Preferably experience in pharmaceutical manufacturing * *Cont* Core Parenternals Ltd, 4th Floor, Narayan Chambers, Ashram Road, Ahmedabad 380009 (ToI - 1.7)
- MANAGER (Capital Market Operations) * Bombay * *Sal* Attractive * *Age/Qlfn* 30-35 years * Graduates, preferably MBA/CA * *Reqd* 7-10 years banking/industry experience specifically in computerised capital market operations * *Cont* LBS/339, Personnel Search Services, 71-A Mittal Chambers, Nariman Point, Bombay 400021 (ToI - 1.7)
- MANAGER (HRD) * NS * *Sal* Outstanding * *Age/Qlfn* 30-35 years * MBAs * *Reqd* 7-10 years experience in HRD in reputed organisation * *Cont* The Executive Vice-President (HRD), Modern Group of Industries, 709 Ansel Bhavan, 16 Kasturba Gandhi Marg, New Delhi 110001 (ToI - 1.7)
- SENIOR MANAGER (Mechanical) * Gujarat * *Sal* Attractive * *Age/Qlfn* NS * Graduate mechanical engineer * *Reqd* 8-10 years in similar position in projects division of medium/large chemical process industry * *Cont* Director-in-charge, Torrent Gujarat Biotech Ltd, Torrent House, Near Dinesh Hall, Ashram Road, Ahmedabad 380009 (ToI - 2.7)
- MANAGER (EDP) * Bombay * *Sal* Attractive * *Age/Qlfn* 40 years * PG in computer field * *Reqd* Experience in system development in production and inventory control * *Cont* Box R 484-K, ToI, Bombay 400001 (ToI - 6.7)
- MARKETING MANAGERS * NS * *Sal* Commensurate with qualifications * *Age/Qlfn* Below 35 years * Electronics/telecom graduate * *Reqd* 8-10 years experience in electronics industry * *Cont* RMM-TC, General Manager (HRD), Crompton Greaves, Dr.V.B. Gandhi Marg, Bombay 400023 (ToI - 8.7)
- FINANCE MANAGER * NS * *Sal* Commensurate with qualification and experience * *Age/Qlfn* Not less than 35 years * NS * *Reqd* Exposure to finance function * *Cont* Vice-President (Group Personnel), Ceat Ltd, 463 Dr. A.B. Road, Worli, Bombay 400025 (ToI - 8.7)
- SENIOR EXECUTIVE (Export) * Madras * *Sal* Attractive * *Age/Qlfn* NS * Engineer with P in foreign trade/business administration * *Reqd* 15-20 years experience including 5 years in a senior position * *Cont* MS/4406, A.F. Ferguson Associates, Post Box 1261, Madras 600034 (ToI - 8.7)
- ENGINEERING MANAGERS * Thane * *Sal* Commensurate with qualification and experience * *Age/Qlfn* NS * Familiarity with CAB/CAM * *Reqd* 8-10 years in pump industry * *Cont* AIP/EM, Manpower Development Manager, Voltas Ltd, Post Box No.172, Ballard Estate, Bombay 400038 (ToI - 9.7)
- SENIOR MANAGER * Pune * *Sal* Attractive * *Age/Qlfn* NS * Chemical/mechanical engineers preferably with MBA * *Reqd* Experience in implementation of cement projects * *Cont* The Managing Director, Walchandnagar Industries Ltd, Walchandnagar 413114 (ToI - 11.7)
- MANAGER (Planning & scheduling) * NS * *Sal* Attractive * *Age/Qlfn* 35-40 years * M.Pharm * *Reqd* 3-5 years experience in planning department of pharmaceutical company at senior level * *Cont* General Manager (P&A), Cadila Laboratories Ltd, 244 Ghodasar, Maninagar, Ahmedabad 380008 (ToI - 11.7)

OVERSEAS

- PROJECT MANAGERS * Kuwait * *Sal* NS * *Age/Qlfn* NS * NS * *Reqd* 10 years experience * *Cont* Personal Search Services, 71A Mittal Chambers, Nariman Point, Bombay 400021 (ToI - 7.7)
- WORKS MANAGER * Kenya * *Sal* Good terms * *Age/Qlfn* 30-40 years * Mechanical/metallurgical engineers * *Reqd* Successful track record of production/works management in steel industry * *Cont* CMP/F-4278, Datamatics Staffing Services, P.B. 106, GPO, Bombay 400001 (ToI - 7.7)
- WORKS MANAGER * Kenya * *Sal* Competitive * *Age/Qlfn* NS * Mechanical engineer * *Reqd* 10-15 years in similar industry * *Cont* Lara Advertising (TTK), TBS, 4, Jolly Bhavan, New Marine Lines, Bombay 400020
- SALES MANAGER * Oman * *Sal* Rs.17,000 pm + car + accommodation * *Age/Qlfn* NS * NS * *Reqd* Experience at managerial level * *Cont* VP296, Beam Services Pvt Ltd, Colaba Chambers, 117 Wodehouse Road, Colaba, Bombay 400005 (ToI - 14.7)
- BUSINESS MANAGERS * Muscat * *Sal* Attractive * *Age/Qlfn* 35-40 years * Engineering degree from IIT/similar institute, PG in management from IIMs * *Reqd* 10-15 years experience in sales/marketing/product management * *Cont* Senior Manager (Personnel), Bahwan Automotive Centre, P.B. No.168, Muscat, Sultanate of Oman (ToI - 14.7)
- DIVISIONAL MANAGER (Air Conditioning) * Dubai * *Sal* Dhiram 6,500 pm + benefits * *Age/Qlfn* 35 years * Electrical/mechanical engineers * *Reqd* Experience in sales/installation of air conditioning systems * *Cont* MS/5702, A.F. Ferguson & Co, P.O. Box No.1786, Bombay 400001 (ToI - 14.7)

Please turn over for

BUSINESS INDIA APPOINTMENTS

PRESIDENT

A recently set up Delhi based joint venture in a high tech field wishes to recruit its President. The joint venture is an equal venture between an Indian and multinational promoter, both leaders in their own fields of activity. The company, whose activities include both products and services, commenced operations in India 2 years ago. It operates in a highly market driven environment both within India and internationally in the US, Europe and Far East. It provides for a multinational working environment.

The President, reporting to the Board of Directors will be responsible for all aspects of the company's growth, both domestically and internationally, profitability and corporate image. He will be responsible for evolving appropriate strategies, operating plans and translation of these into results. In doing so he will have to build up strong organisation and systems.

The candidates should preferably come from the computer, telecom or electronics industry. They should have operated at the Chief Executive level for at least 3 years; and should have a strong market orientation. They should be at least graduates in electronics/electrical engineering or computer sciences, preferably with an MBA. They should possess strong man management skills, and be good team players.

The company offers the normal top management compensation package, including housing and car.

Please apply within 10 days to:

A F Ferguson Associates
Hansalaya
Barakhamba Road
New Delhi 110 001

giving full details of age, qualifications, work experience, salary drawn and contact telephone numbers. All applications and envelopes must be marked **'Ref. MS/5001'.**

PRESIDENTS

(TECHNO – COMMERCIAL BACKGROUND)

Various locations

Very attractive compensation

One of the largest and most reputed business houses in the country requires Presidents for its new projects. The house is presently implementing large projects in the following core sector industries:

- ★ **Chemicals**
- ★ **Cement**
- ★ **Iron & Steel**

The incumbents will be initially responsible for the monitoring and implementation of the projects and thereafter will be responsible for the operations and profitability of the units.

The candidates should be engineering graduates or chartered accountants, with demonstrated leadership qualities. They should have at least 15-20 years experience in techno-commercial areas of which at least 5 years should be in profit centre head positions.

In addition to an excellent compensation package, the house offers excellent growth prospects including possible overseas assignments.

Please apply in strict confidence within 10 days to:

A. F. Ferguson Associates
Post Box No. 1786
Bombay 400 001

giving full particulars of age, qualifications, experience and salary drawn. All applications and envelopes should be marked "Ref: MS/5703".

We have been retained by a highly successful and **LARGE BUSINESS GROUP** in **NORTHERN INDIA** with **ANNUAL SALES TURNOVER** of **Rs. 300 CRORES PER ANNUM.** Textile represents 50% of the annual turnover, and the **GROUP MANAGES 7 TEXTILE MILLS** in different locations in the country. Our client is poised for major expansion and virtually doubling up the sales turnover of Textile this year, and we wish to select the following competent and matured Senior Professional at their Corporate Office in **NEW DELHI.**

PRESIDENT
(TEXTILE)

The incumbent must have 20 years' experience of Textile Industry, out of which at least seven years must be for running a Profit Centre of a highly successful Mill. His Educational Forte may be either Textile Technology, Management or Finance.

We are looking for an exceptionally brilliant professional having an excellent track record in the Textile Industry. The job profile would cover :

— Optimisation of the existing operations.

— Evolving medium and long-term strategies for Investment Decisions/Funds Management as well as 'Human Assets'.

— Keeping abreast of Textile Technology with a view to incorporating State-of-the-art technologies in the existing and future operations.

— Establishing Marketing Strategies with a view to Exporting larger percentage of the total output. The Group is already Exporting its products to European Countries.

The incumbent will essentially be an exemplary leader to inspire and motivate a senior Management Team.

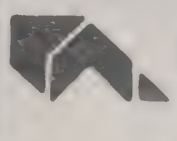
The job will naturally entail extensive travelling to the various manufacturing locations of the Group and also its markets—both national and international.

The selected person will report directly to the Chairman.

THE INCUMBENT WILL BE EXPECTED TO GROW INTO THE POSITION OF MANAGING DIRECTOR.

THE COMPENSATION WILL BE HIGHLY ATTRACTIVE TO SUIT THE BEST PERSON IN THE INDUSTRY.

Please apply within 7 days to :-



RESOURCES MANAGEMENT ASSOCIATES
GF-12A, "Meghdoot", 94-Nehru Place, New Delhi-110 019.
Phones : 6410255, 6441795, 6420773, 6429193, 6429165

ABC's major specialisations include Corporate Consultancy

SWOT Analysis • Organisational Restructuring • MIS • Manpower Audit & Planning

mic Feasibility Study • Takeovers

New Project Development • Techno Economic

Can you spearhead an aggressive new thrust in International Marketing?

Our client, an established group in textiles, is currently setting up a new Rs 300 crores project which is slated to go into production shortly.

The Group plans to expand and diversify its existing export activities by setting up an export division and needs the right man to head this important thrust area.

VICE PRESIDENT
EXPORTS

Bombay

Above 3 lakhs, house, car and other perks.

The VP Exports will have a free hand to put together a team of top-notch achievers in the export field and develop penetrative, result-oriented strategies to meet an export target of 50 crores in a year. He will be in full charge of the Division which will operate as an independent profit centre. He will be required to make aggressive gains in the Group's existing export markets and to identify new markets for yarn and textiles, and a wide range of new products. He and his team will be responsible for converting a predominantly yarn and textile export division into a full-fledged major export house of repute.

The right candidate would be 40-45 years old with at least 10 years experience at a senior level in the field, preferably in a multi-product export operation or a large export house.

This senior management position reporting to the Managing Director assures the right person an attractive remuneration and perquisites package and offers excellent oppurtunities for further growth in this fast-expanding Group.

Please apply within 10 days with detailed bio-data and contact telephone number, and marking envelope & enclosures with job title & code, to **D K Tandon, General Manager.** Code: DKT/VPE/1193.

ABC CONSULTANTS PRIVATE LIMITED

303, Embassy Centre, Nariman Point, Bombay-400 021.

Salary Survey • Managerial Appraisal

MANPOWER TRAINING & DEVELOPMENT

ORGANISATIONAL EFFECTIVENESS

EMPLOYEE SELECTION SERVICE

GROUP PRESIDENT - FINANCE

Calcutta.

Rs. 3 lacs + Excellent Perks

We have been retained by a Dynamic Multinational NRI Group having business operations in diverse Industrial Fields in India and Abroad, to select for their operations in India, a Group President–Finance. This group has already invested Rs. 100 crores in the Indian operations and have ambitious expansion and diversification plans of approximately Rs. 300 crores.

The successful candidate should be a qualified Chartered Accountant or an MBA in Finance, a strategist, an innovator, a Business Leader capable of managing long and short term financial discipline including Funds Management from planning to procurement and its utilisation in large industry, liaising with Financial Institutions and Banks, having adequate FOREX exposure, conceptualisation and implementation of systems at Corporate and Plant level. Ability to lead a team of senior professionals is a must.

The remuneration package indicated above is negotiable and will be structured to suit individual needs. Excellent career prospects assured. Please apply in confidence with well structured detailed resume witnin 10 days to :

R L Kapur, Director
Management Consultancy Division
SKP Corporate Services (P) Limited
308, Shantiniketan, 8, Camac Street, Calcutta - 700 017, Phone : 22 4287

Apt Ads - 224/91

EFFECTIVE INDUSTRIAL RELATIONS

Gordon Woodroffe
(Services Division)
requires
Asst. Vice-President

The Company

Gordon Woodroffe is a 120 year old Company with diverse interests. Its two divisions, Leather and Services, are well-established in their respective fields. The Services Division of Gordon Woodroffe is one of the oldest and has a high reputation in the field of air cargo and freight forwarding. The Company is associated with leading international freight forwarders.

The Responsibilities

The incumbent should be a sound business manager. Planning and implementing strategies for business growth will be his responsibility. He will closely interact and co-ordinate with overseas agents and branch offices all over the country. High integrity and leadership qualities are imperative. The incumbent will be based at Madras and in about a year or two, take over as Vice-President.

The Person

The aspirant must already be holding a comparable senior position. He should be around 45 years of age. An IATA/FIATA qualification with a background in a reputed airline or cargo agency will be preferable. Thorough knowledge of RBI rules, customs procedures, excise regulations and export and import policies is absolutely essential.

The Rewards

The job offers good career growth opportunities. Emoluments will be excellent and will not be a limitation for the right person.

Applicants should send in their resume giving details of qualification, work experience and salary drawn, within 10 days to:

The Managing Director
Gordon Woodroffe Limited, 36, Rajaji Salai, Madras 600 001. Tel: 510533. Tlx: 041-6261. Fax: 044-510545.

Gordon Woodroffe Limited



FOUNTAINHEAD:GW-323-91

INDIA TELE-COMP LIMITED

The **DALMIAs** are a diversified industrial conglomerate with interests in dairy products, cigarettes, chemicals, telecom, resorts, advertising and film production besides other products. Projected group turnover for 1992 is Rs. 1000 crores.

Having emerged as a major player in the telecommunications industry with the backing of world-renowned collaborations like British Telecom, Hasler Ltd. UK, Alcatel of France and ATS (Communications) of UK, INDIA TELE-COMP LTD. (IXL) has decided to broadbase its marketing activities and become the market leader in office automation products and services as well.

In the first phase, the company has identified seven product groups –

* VOICE PRODUCTS
* MESSAGE PRODUCTS
* REPROGRAPHICS/MICROGRAPHICS
* COMPUTERS/CAD-CAM/COMPUTER SOFTWARE PRODUCTS
* O/A MEDIA, SUPPLIES AND CONSUMABLES
* ELECTRONIC TYPEWRITERS
* SUPPORT SYSTEMS – SHREDDERS, BINDERS, LAMINATORS, UPS, CVTs

VICE-PRESIDENT FOR EACH PRODUCT GROUP

To actualise our plans, we are looking for SEVEN experienced and dynamic VICE-PRESIDENTS – one for each product group.

These are key positions in the organisation, reporting to the Managing Director. Each VP will be accountable for the profitability of his product group. Operating as a Business Head, he will be responsible for identifying/tying up the right product/s, formulation of marketing strategies and plans and achievement of targets for revenue, profit, market-share and customer satisfaction.

We are looking for professional, pragmatic "entrepreneur-managers" who have a passion to succeed even under highly competitive and demanding conditions. The ideal candidate would be an Engineer-MBA with around 15 years of rich marketing and sales experience in this industry.

To support these marketing business-groups, we have decided to strengthen our distribution reach and market penetration. We therefore need:-

VICE-PRESIDENT-DEALER DEVELOPMENT

This is an all-India position, reporting to the Managing Director. The immediate task will be to set up a network of over 100 dealers in a record time. Thereafter, he will be responsible for ongoing dealer motivation, performance and evaluation, as well as expansion and productivity improvement of the entire dealer network.

The person should be a hard-core sales professional with around 15 years experience of selling through dealers, and hands-on experience of appointing, managing and servicing dealers. Experience of working at an all-India level is a MUST.

He will be assisted by:

AREA DEALER DEVELOPMENT MANAGERS

at **Bombay, Calcutta, Madras, Bangalore** and **Delhi.**
They will be responsible for appointing dealers in their respective regions and ensuring dealer commitment, performance and viability. The incumbents should be sales professionals with 8-10 years experience of selling products through dealers, in professionally managed organisations, preferably multi-nationals.

GENERAL SALES MANAGERS

based at **Bombay** and **Delhi.**
The direct sales organisation will be headed by these two persons, who will be responsible for meeting sales targets and contributions of all company products in their respective areas i.e. the GSM (Bombay) will handle the West and South and the GSM (Delhi) will be responsible for the North and East.

We require result-oriented, mature sales professionals with around 10-12 years of rich hands-on experience. Only persons having proven leadership skills of managing large sales teams with high productivity need apply.

VICE-PRESIDENT-EXPORTS

The person will be responsible for achieving export targets for all company products, as well as third party exports in the above product groups.

We are looking for a person with around 15 years work experience in identifying and developing export markets for products of similar nature. Experience in setting up of this function, a thorough knowledge of export markets and formalities, and a foreign trade qualification are ESSENTIAL.

Persons with a management qualification will be preferred for all above positions. Sound managerial qualities to build and lead effective teams would be essential.

The Company offers a demanding work environment that will suit mature, ambitious achievers. The compensation package is comparable with the very best and will not be a constraint for the right candidate.

Please apply, giving full particulars with contact residential telephone number, within one week, to:-

Ashok K. Malhotra
Director
Dalmia Bros. (Pvt.) Ltd.
Telecom House
L-12, South Extension Part-II
New Delhi 110 049

Please indicate the job title on the envelope and application. All applications will be treated in strict confidence.

IXL

GOVAN/D/ITL/5139/91/R

Financial Services Company

Usha Rectifier, a multilocation multiproduct company has set up a subsidiary financial services company. The objective of the new company is to undertake portfolio management, leasing & hire-purchase services and merchant banking. To run the operations, the company requires

CHIEF EXECUTIVE

New Delhi

The incumbent would be responsible for both operations as well as growth & diversification of the company. Key responsibilities will include product innovation & development, formulation & implementation of marketing strategies and fund mobilisation. Ability to manage a large team of young professionals would be a key factor to success. The company offers a creative and supportive atmosphere with freedom of action.

The ideal candidate would be a person with excellent professional qualifications with around 10 years of multifunctional experience preferably in a Financial Services Company. However, candidature is also open to entrepreneurs professionals with a proven track record in other business. An MBA or CA qualification would be an advantage. Age 35-45 years.

OPERATIONS MANAGERS

Bombay-2/Delhi-2

Incumbents will be responsible for aggresive business development & execution involving Banks, large Public/Private sector companies and Financial Institutions. Candidates must be MBA (Finance)/CA with around 3-5 years experience in Funds/Investment planning in Corporate Sector/Banks. Professionals having hands-on experience in Merchant Banking/Financial Services/ Leasing Companies will be preferred. Accent will be on ability to interact effectively with top executives of client companies and developing good contacts at all levels. Candidates opting for Bombay should have their own housing. Age 25-35 years.

MANAGEMENT TRAINEES

Incumbents shall be imparted induction training after which they shall be required to assume responsibility in areas of port-folio management, leasing hire-purchase and merchant banking.

Ideal candidates shall be motivated self starters with good communication skills and possessing qualification of Chartered Accountancy/MBA (finance or marketing). Experience desirable but not essential. Age group 22 to 27 years.

The remuneration package will compare with the best and will not be a limiting factor for the right candidate. Please write or call in strict confidence to :

AVM N.V. THOMAS, Director & Group Vice President (HRD)

USHA RECTIFIER CORPORATION (I) LTD

3 Cama Place, New Delhi-110 066 Phone : (PBX) 6873447, (Res) 667999

BB/URC/691-546

INDIA TELE-COMP LIMITED

The **DALMIAs** are a diversified industrial conglomerate with interests in dairy products, cigarettes, chemicals, telecom, resorts, advertising and film production besides other products. Projected group turnover for 1992 is Rs. 1000 crores.

Having emerged as a major player in the telecommunications industry with the backing of world-renowned collaborations like British Telecom, Hasler Ltd. UK, Alcatel of France and ATS (Communications) of UK, INDIA TELE-COMP LTD. (ITL) has decided to broadbase its marketing activities and become the market leader in office automation products and services as well.

With this end objective, we wish to appoint:-

EXECUTIVE DIRECTOR– TECHNICAL

This is a top management position based at DELHI, reporting to the Managing Director. The person will be responsible for all technical functions including Manufacturing, Design and Engineering Development. He will be responsible for inhouse hardware and software development of the Company's products, value and reliability engineering, technology transfer, absorption and technology planning. A key responsibility will be to technically evaluate and approve suppliers and products identified by the product group heads.

The position calls for a Design & Development expert from this industry who combines excellent manufacturing know-how with commercial acumen and has a strong appreciation of customer needs. We are looking for an Electronics Engineer with around 20 years of relevant experience.

VICE-PRESIDENT– CUSTOMER EDUCATION & TRAINING

This is a senior position based at Delhi, reporting to the Managing Director. The incumbent will be responsible for creating and managing world-class computer education and professional training using CAI/VBI and the most advanced learning technology. He will operate as a profit centre head and will be responsible for providing quality education while achieving revenue, contribution and growth objectives. The person must be from the Computer Education and Training industry, with around 15 years experience.

VICE-PRESIDENT– CUSTOMER ENGINEERING DIVISION

The division will operate as a profit centre, responsible for providing customer support services at a national level for all the product groups. In addition, the division will also provide maintenance services for products marketed by other leading manufacturers of office automation products.

We are looking for a seasoned person to head this division at DELHI, reporting to the Managing Director. We require an Electronics Engineer with around 15 years experience in handling service and spares of a range of office automation products, working at an all-India level. Preference will be given to those who have some prior experience in design & development and QA functions.

Technocrats with sound managerial qualities to build & lead effective teams would be preferred.

The Company offers a demanding work environment that will suit mature, ambitious achievers. The compensation package is comparable with the very best and will not be a constraint for the right candidate.

Please apply, giving full particulars with contact residential telephone number, within one week, to:-

Ashok K. Malhotra
Director
Dalmia (Bros) Pvt. Ltd.
Telecom House, L-12, South Extension Part-II, New Delhi 110 049

Please indicate the job title on the envelope and application. All applications will be treated in strict confidence.

IXL

GOVAN/D/ITL/5140/91/R

ABC's major specialisations include Corporate Consultancy

Materials Management • Project Reports • Techno Economic Feasibility Study • New Project Development

SWOT Analysis • Organisational Restructuring • MIS • Systems & Procedures

CEMENT INDUSTRY

South India **Excellent Terms**

Our client is a large, professionally managed Business Group with diverse interests and a turnover of around Rs. 300 crores. The flag ship of the Group is a large cement company with over 1 million tonnes capacity. The company is equipped with most modern facilities incorporating the latest of technologies and operating at high levels of efficiency. The products enjoy an excellent brand image and a major market share. As part of their succession plan, they are now on the lookout for outstanding technical professionals to fill the following top positions.

GM/DGM-Operations

The incumbent will assume responsibility for operations of the plant. Accent will be on further improving productivity & efficiency levels, continuous updating of technology, effective control of operating costs and maintaining quality standards. Should be Engineering Graduates with around 15 years relevant experience at senior levels in large cement plants. High level of task orientation and excellent managerial skills are a must. Age: Around 40. Code: GMD/MDS/21.

CHIEF ENGINEER
Mechanical

The incumbent will be incharge of Engineering Services with accountability for maintaining high levels of plant utilisation. Emphasis will be on plant modernisation, energy conservation and improving maintenance management systems. Should be Mechanical Engineering Graduates with 12-15 years relevant experience in large cement plants at senior levels. High level of technical competence essential. Age: Around 40. Code: CMM/MDS/22.

Emoluments & perquisites will be attractive. Apply within ten days with detailed bio-data to **M Madhusudan, Director** marking envelope & application with appropriate job title & code.

ABC CONSULTANTS PRIVATE LIMITED
4, Khader Nawaz Khan Road, Madras 600 006 Tel. 470778

Manpower Audit & Planning • Managerial Appraisal • Salary Survey

GHCL

Gujarat Heavy Chemicals Ltd.

The **DALMIAs** are a diversified industrial conglomerate with interests in chemicals, tobacco, dairy products, telecom, resorts, textiles, film production, advertising, paper and a host of other spheres. Projected group turnover for 1992 is Rs. 1000 crores. The group has a variety of expanding international/domestic operations.

GHCL is one of the largest joint sector ventures in the country and is also one of the largest manufacturers of SODA ASH in the country. Backed by a team of strong and committed professionals and with a turnover of Rs. 170 crore, the company has offices all over India. To strengthen its operations, GHCL is looking for a

GENERAL MANAGER — SALES
NEW DELHI

This is a KEY position and the incumbent will bear responsibilities for the effective functioning of all Branches. The major responsibilities will include :

* Maximisation of sales volumes
* Increase in profitability
* Exploitation of market opportunities
* Timely collection of outstandings
* Monitoring and controlling selling expenses
* Co-ordination with the Plant with regard to product mix, quality, packaging and despatches
* Ensuring proper implementation of the Company's policies.

Applications are invited from outstanding professionals, preferably Management Graduates having a minimum of 12 years' experience, of which at least 5 years should be at the all India level. Experience in Chemical and/or related industries preferred.

Ideal age group is 35-45 years.

The Group offers healthy work environment and an excellent compensation package including housing and company car with driver.

Please apply within 10 days with a recent photograph and contact telephone number, superscribing position title on the envelope, to :

Mr. B.R. Grover

Director-Personnel
Dalmia (Bros.) Pvt. Ltd.
Indra Prakash Building, 2nd Floor,
Barakhamba Road, New Delhi-110 001

GOVAN/D/GHCL/5082/91

SUPER SHOCK ABSORBERS LIMITED

We are a unit of SHRIRAM GROUP OF COMPANIES, MADRAS, having excellent manufacturing facilities with an investment of over Rs.100 million. These functional-head positions at HYDERABAD, have arisen due to restructuring of operations. The company has a product range backed by the collaboration of WAY ASSAUTO-ITT, Italy.

GENERAL MANAGER/ DEPUTY GENERAL MANAGER — MARKETING

Developing and implementing the marketing plans, establishing the dealer network, strengthening OE segment, supervision and motivation of the marketing and regional sales staff, installing an after-sales service system and monitoring continuously the market potential and developing appropriate competitive strategies are the prime responsibilities.

A Degree in Mechanical Engineering and a total experience of around 10-12 years, dealing with Auto components are essential. Post Graduate qualification in Business/Marketing Management is desirable.

SENIOR MANAGER — DESIGN AND DEVELOPMENT

Continuous improvement of the product(s), application development, monitoring product performance in field conditions, developing and maintaining internal and external testing rigs/systems, absorbing and adapting the knowhow of the collaborator to Indian conditions and supervision of design staff are the key responsibilities.

A Degree in Mechanical Engineering and an M.Tech in Automobile Engineering and about 7 years experience in a reputed automotive/auto components organisation are required.

DEPUTY GENERAL MANAGER/ SENIOR MANAGER — ENGINEERING

Process/Methods planning; Production engineering and Plant Engineering/Maintenance would be the main areas of contribution. Support and service to the operations to ensure continuity in production and a high order of maintenance of the facilities are called for.

A Degree in Mechanical Engineering and about 10 years experience spanning the above functions in a reputed Engineering/Automotive company are necessary.

MANAGER — COSTING

Maintaining an effective computerised cost accounting system, providing information to management on variances from budgets, assisting the other functional managers in implementing cost control measures, preparing annual plans and review periodically and assisting in decisions on pricing, valuation and sub-contracting are the main responsibilities.

Candidates should be qualified Cost Accountants with around 10 years of experience in handling similar functions in a reputed auto component manufacturing company. Should the incumbent have an additional qualification of ACS, he can act as the Company Secretary. A working knowledge of Telugu will be of definite advantage.

Selected candidates will be given training for a suitable period in a manufacturing units of the collaborator in Italy. *All these positions carry attractive compensation and perquisites.*

Please apply within 10 days with detailed bio-data and a passport size photograph to:

T. Satyanarayanan, Director,
TS & ASSOCIATES,
C/o. Vanbey Business Centre, F-1, Gajel Appartments,
152, Greams Road, Madras - 600 006.

ADWAVE/SSA/4250

Nagarjuna Finance Limited

We are amongst the largest integrated finance companies in the country and a part of the Rs. 1000 crore Nagarjuna group. The group is noted for its excellent working environment.

DIVISIONAL GENERAL MANAGER - BOMBAY

The incumbent would be required to aggressively develop the region as a Profit Centre with strong market orientation to achieve targets. Accent would be to develop Merchant Banking activities, liaison with Banks/Institutions, Money Market, Trade Finance and Credit Appraisal.

Candidates should be Chartered Accountants and/or MBAs with relevant working experience in a large Finance Company or Bank. Proven experience in the areas highlighted above are essential.

Candidates should be in the age group of 35-40 years.

The Company offers an attractive package and the remuneration will not be a constraint for the right candidate. Whilst accommodation is not provided for, liberal House Rent Allowance will be given.

Applications would be treated in strict confidence and should be addressed to :

The President
Nagarjuna Finance Limited
Nagarjuna Hills
Hyderabad - 500 482.

THE SHARING, CARING FINANCE COMPANY

KENYA

GOOD TERMS

STEEL INDUSTRY – INTERNATIONAL GROUP

THE COMPANY: One of the leading multinational conglomerates in Kenya which is part of a reputed international group. Kenyan operations employ 3000 workmen and 200 professionals.

CURRENT FACILITIES COMPRISE:

- Cold rolled steel coils & sheets
- Galvanised steel coils & sheets
- Colour coated galvanised coils
- Galvanised steel pipes
- Steel strapping for packing
- Steel containers

PLANNED NEW FACILITIES INCLUDE:

- Pickle & oil line for HRC
- Continuous galvanising line
- Malleable galvanising castings plant
- Spiral welded pipe mill

GENERAL MANAGERS (2)

To head manufacturing and marketing of assigned companies or divisions. Ideal candidates are expected to be graduate engineers, preferably with post graduate qualification in management. They must have some senior level experience of managing production/commercial operations in steel industry. Preferred age: 35 to 45 years. **(Ref.No.CMP/F-4273)**

MARKETING/EXPORT MANAGERS (2)

The company is market leader in its field but to improve its share in the domestic market and to develop international markets it wishes to induct marketing professionals. Ideal candidates are expected to be engineer-MBAs with about 10 years experience in industrial marketing. Steel industry background and export experience will be a major advantage. Preferred age: 30 to 40 years. **(Ref. No. NKM/F-4274)**

WORKS MANAGERS (2)

Graduate mechanical/metallurgical engineers with successful track record of production/works management in steel industry. Strong technical base, proven man management skills and potential to assume higher responsibility are essential prerequisites. Additional qualification/experience in industrial engineering would help. Preferred age: 30 to 40 years. **(Ref. No. CMP/F-4278)**

MAINTENANCE ENGINEERS (5)

Electrical/Electronics/Mechanical

With 8 to 10 years relevant experience in steel industry and potential for advancement into production management positions. Preferred age: 27 to 35 years. **(Ref.No.CMP/F-4275)**

PRODUCT/MARKET DEVELOPMENT ENGINEERS/MANAGERS (3)

Candidates are expected to be graduates/post graduates in mechanical engineering with strong technical bias and 8 to 10 years experience in product and/or market development. Preferred age: 30 to 40 years. **(Ref.No.CMP/F-4276)**

PROJECT ENGINEER (1)

Mechanical or Electrical Engineering degree holder with 10-15 years of experience. We are looking for a person with strong engineering background with exposure in engineering design, maintenance, in plant development work, installation and commissioning of equipment in steel and aluminium industry. Experience in handling engineering projects independently desirable. **(Ref.No.CMP/F-4277)**

The company has a well structured compensation package which includes furnished house, car, medical, retirals and leave with passage.

Apply immediately quoting relevant Ref.No.and mentioning contact telephone numbers.

DATAMATICS STAFFING SERVICES
Post Box No. 106 G.P.O. Bombay-400 001.

Diason

Shilputsi

Shilputsi Consultants have been retained to recruit the following senior managers.

Our client is a leading, fast growing, pharma/bulk drug company having plants at multiple locations. For their head office at Bombay and plants based in Gujarat and Madhya Pradesh. They need:

DY. GENERAL MANAGERS (COMMERCIAL)

— 3 positions

Salary: Rs. 1.75 lacs p.a. + car

The Job: The incumbents will be responsible for materials, purchase, stores, accounts and liaison with government agencies.

Qualifications: Candidates should be graduates with 10-12 years relevant experience with a proven track record. They should possess strong commercial sense and administrative skills.

DY. GENERAL MANAGERS (ENGINEERING)

— 3 positions

Salary: Rs. 1.75 lacs p.a. + car

The Job: The incumbents will be responsible for total maintenance activities of the chemical plants including upkeep of equipment, preventive maintenance, cost control measures and co-ordination with the project department at Bombay for project execution at plant sites.

Qualifications: Candidates should be B.Tech. (Mechanical) with a minimum of 10-12 years of relevant experience.

MANAGERS (PERSONNEL & ADMINISTRATION)

— 3 positions

Salary: Rs. 1.25 lacs p.a.

The Job: The incumbents will be responsible for various personnel activities such as recruitment, training, industrial relations, implementation of innovative welfare schemes and general administration.

Qualifications: Candidates should be post-graduates in personnel management/social science with 8-10 years of relevant experience. They should possess good interpersonal skills and thorough knowledge of personnel practises.

Please apply with complete bio-data to:
Ms. Pratibha Sheth,
Executive Director,
Shilputsi Consultants,
Post Box No. 9386,
Bombay-400 026.

Dabur INDIA LIMITED

Dabur India Limited is a multi product, multi unit company having its manufacturing plants and branches all over India with a work force approx . 3000. The company's annual turnover is about Rs. 180 crores.

To keep pace with our rapid business growth and expansion plans, we require high calibre result oriented professionals.

MANAGER-HRD

(SAHIBABAD—10 Kms from New Delhi)

Incumbent will be responsible for human resources development activities including training, career planning and development, performance appraisal etc. He will be expected to devise and implement result oriented inputs to facilitate the right environment for all round growth through human resources.

Candidate should be MBA or Post Graduate in Personnel Management with experience of 8-10 years in HRD or Training and Development Department of a large concern of which at least 2-3 years should be in a senior managerial capacity.

ASSISTANT PERSONNEL MANAGERS

The candidate should be MSW / MBA with about 5 years experience in similar capacity of some reputed concern.

i. FOR SALES & MARKETING OFFICE NEW DELHI

The incumbent will be responsible for recruitment, training, performance appraisal system of all India field force. Candidates should have thorough knowledge of the Sales Promotion, Employees Service Conditions Act and The Shops and Commercial Establishments Act and Rules of different states.

ii. FOR FACTORY (SAHIBABAD—10 Kms from New Delhi)

The incumbent should have the necessary skills to successfully implement the Management Policies, Labour Welfare Measures. The candidate should be well acquainted with various Labour Laws and statutory and non-statutory welfare schemes.

Company offers attractive salary with liberal benefits.

Please apply immediately in strict confidence giving full details of qualifications, experience, age, present salary and salary expected to:

The General Manager (Personnel)
DABUR INDIA LIMITED
Harsha Bhawan
"E" Block, Connaught Place
New Delhi-110 001.

ABC's major specialisation include Corporate Consultants

MARKETING PROFESSIONALS
INSTRUMENTATION & PROCESS CONTROL SYSTEMS

Very Attractive Terms

Our clients, leading manufacturers of **advanced industrial process control instruments and systems in collaboration with USA based world leaders,** required dynamic and result-oriented marketing professionals to augment their systems marketing team at the Regional Offices.

AREA MANAGER

BOMBAY Regional Office — 1 position

NEW DELHI Regional Office • Divisional Corporate Office — 1 position each

The incumbent will lead the marketing team for state-of-the-art **microprocessor-based distributed control systems.** He must have a degree in electronics/instrumentation/ computer science/chemical engineering with 8 to 10 years' experience in engineering/ selling with a **flair for technical selling.** Code: DKT/PAM/1191.

SYSTEMS ENGINEERS

BOMBAY & NEW DELHI: Several Positions

Our clients require a number of systems engineers in senior and junior levels to form the systems marketing team. Ideally, candidates should be young electronics/instrumentation engineers with experience of **selling microprocessor-based systems for industrial applications.** Age between 25 and 30 with 2-3 years' experience for junior management positions and 6-7 years for mid-management positions. Code: DKT/PSE/1192.

All these positions carry attractive compensation packages, comparable with the best in the industry **with fast growth oppurtunities for exceptional candidates.**

Please apply within 7 days with detailed bio-data, **indicating your location preference** and marking envelope and enclosures with appropriate job title and code, to **D K Tandon, General Manager.**

ABC CONSULTANTS PRIVATE LIMITED
303, Embassy Centre, Nariman Point, Bombay 400 021

Salary Survey • Managerial Appraisal • New Project Development • Techno Economic Feasibility Study • Takeovers • SWOT Analysis • Organisational Restructuring • MIS • Manpower • Audit & Planning

VISESH

VISESH GROUP, now staking its claim to be the No. 3 software house in the country, with venture capital assistance from a leading financial institution, needs for its ambitious growth plan -

AREA MANAGERS

(All Principal Cities)

Our Area Managers are Chief Executives' of their respective branch operations -- with all round responsibility. Candidates in their mid 30s with experience in managing a branch, operation, or division are most likely to qualify.

PRODUCT MANAGER

The incumbent is expected to adopt a product idea and give it concrete shape; to support and develop it until it achieves its rightful position in the market place and realises its target. Experience in similar position for a minimum two year period esssential.

PROJECT MANAGER

SOFTWARE

Candidates in their early 30s with experience in managing software projects in COBOL or RDBMS are most likely to qualify. EDP Managers who want to liberate themselves from routine operations and join hands in building a profit centre in an international environment using the latest technology will find this job very exciting.

MARKETING MANAGERS

SOFTWARE EXPORTS

The candidate must be in his mid 30s with a flair for profit centre management, new product launch, and overseas project management. A minimum of 3 years in a similar position is essential.

Apply in strict confidence to

VISESH
BAR CODES
Say no to data entry problems

The Managing Director
Visesh Technical & Management Services Pvt. Ltd.
325, Chinmaya Mission Hospital Road
Indiranagar, Bangalore - 560 038.

THE COUNSELLORS

The Merchant Banking Division of Nagarjuna Finance Limited

An opportunity to join forces with -

"THE COUNSELLORS" - a group of qualified and competent finance professionals, who are set to make waves in the exciting arena of Merchant Banking. A progeny of the Nagarjuna Group of Hyderabad, "The Counsellors" offer a unique work culture characterised by informality, service orientation, flattened organisational structure, modern and computerised office infrastructure and profit - sharing compensation package. **in short, an environment conducive for fulfilling your career ambitions.**

Only practitioners and professionals having hands - on experience and state-of-the-art knowledge in the following aspects of Financial Engineering would make the grade.

TRADE FINANCE (Domestic and International)
BILLS DISCOUNTING
PORTFOLIO MANAGEMENT
FOREX SERVICES
CORPORATE COUNSELLING
LEASE SYNDICATION

Opportunities exist at various levels and proper compensation would not be a constraint for the right candidate. **The Counsellors would be based at Bombay, Delhi, Ahmedabad, Calcutta, Madras, Bangalore, Puna, Cochin and Hyderabad.**

Potential Counsellors may write in confidence with details of achievements and curriculum vitae to :

THE COUNSELLORS
44, Free Press House
Free Press Journal Marg
Nariman Point, Bombay 400 021

Imageads/91

Al-Futtaim

DIVISIONAL MANAGER

(AIR CONDITIONING)

Dubai

c. Dh. 6,500 p.m.
plus benefits

The Al Futtaim Group is one of the largest and most professionally managed groups in the Middle East and we have been retained to assist in the selection of a Divisional Manager to head the air conditioning division of Al Futtaim Electronics/Engineering. The division is engaged in trading, installation and maintenance of SANYO split and central air conditioning and chiller systems throughout the U.A.E.

The selected candidate will be responsible for sales, installation, commissioning and maintenance of split, central air conditioning and chiller systems. He will be expected to set ambitious sales and profitability targets and implement plans to achieve these through the efficient utilization of resources while at the same time improving customer satisfaction levels.

Candidates will ideally be electrical or mechanical engineers who have, over the years, specialized in the sales and installation of air conditioning systems and can demonstrate a successful track record leading to a position with profit centre responsibilities. Gulf experience would be an asset. A good personality, excellent interpersonal skills and the ability to manage a large, skilled workforce will be essential requirements. The preferred age is around 35 years.

In addition to the salary indicated above, the benefits will include furnished accommodation, company maintained car, annual leave passage, gratuity, etc.

Please apply in strict confidence within 10 days to:

A. F. Ferguson & Co.
P.O. Box No. 1786
Bombay 400 001

giving full details of age, qualifications, experience and salaries drawn along with a recent passport size photograph and contact telephone numbers. All applications and envelopes should be marked with the reference number "MS/5702".

We'd like to house the best talent

GIC GRIH VITTA LTD.
a major housing finance company based in Bombay, wishes to select the following key personnel for its rapidly expanding business.

FOR CORPORATE OFFICE

Manager – Legal and Credit Appraisal – CA/ICWA/MBA (finance) with atleast 10 years relevant post-qualification experience.

Manager/Marketing Planning – graduate with a minimum of 10 years of experience in Marketing/Field assignments in Housing Finance Cos./Financial institutions/Banks.

Company Secretary – qualified Company Secretary with atleast 3 years relevant post-qualification experience.

Assistant Manager – Legal – law graduates with atleast 7 years experience in a Bank/Housing Finance Company. Experience/qualifications in accounts; knowledge of computers will be preferred.

Assistant Manager – Technical – B.E. (civil) from a recognised college with atleast 7 years in a Housing Finance Company/Bank, inclusive of atleast 3 years experience in a Civil Construction Company.

Assistant Administrative Officers (AAO) (3) – Legal/Accounts/Investment – law graduates for Legal Department and CA/ICWA for Accounts and Investments.

FOR SERVICE CENTRES

In Madras, Delhi, Lucknow, Hyderabad, Bangalore, Calcutta, Pune & Ahmedabad

Assistant Administrative Officers
Candidates with experience in Housing Finance industry or CA/ICWA/MBA (Finance) for all operations at the Service Centres.
The selected persons will be provided with a designation commensurate with experience and qualification.

Preferred Age Limits:

Manager	: 40-45 years.
Company Secretary/Asst.Managers	: 30-40 years.
AAOs	: 25-30 years

Relaxation in age upto 5 years is applicable to SC/ST candidates.

All the above positions offer excellent opportunities for growth with a dynamic, professional organisation enjoying strong support from the General Insurance Industry. The Company also ensures a challenging and professional work environment, with extensive freedom to operate, in addition to a remuneration package that will be comparable to the best in the industry. Housing would be provided depending upon availability.

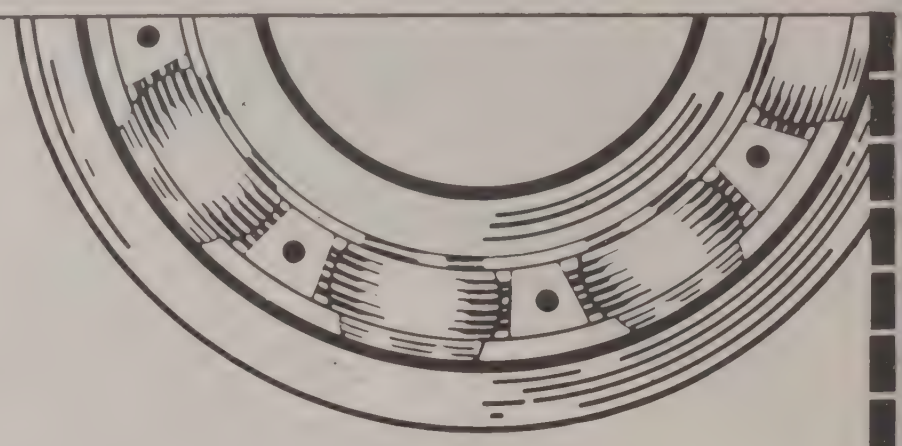
Please send a detailed copy of resume, stating clearly, age, detailed work experience, last remuneration drawn, and remuneration expected, within 10 days to:

गृह सौख्यम् विराजते

The Chief Executive,
GIC GRIH VITTA LTD
Stock Exchange Building, 22nd Floor, Dalal Street, Fort, Bombay – 400 001.
(The post applied for should be clearly stated on the envelope.)

Multimedia Aquarius/GGVL/4/91

MOVE ON TO THE FAST TRACK



NEI is the pioneer in the bearing industry currently manufacturing more than 1.6 million bearings a month, in over 500 different sizes, ranging from 20 mm dia. to 1300 mm dia. We have a collaboration with NTN Corporation, Japan, who are leaders in the global bearing industry.

Major modernisation and growth projects have been taken up by the company for which we are looking for professionals at various Managerial levels having experience in the following areas. The positions are for our factories in Jaipur, Gunsi (near Newai,District Tonk) and proposed manufacturing plant near Bangalore.

PERSONNEL MANAGEMENT

- ***HRD***
- ***Industrial Relations***

Qualifications (HRD) : *MBA or Post Graduate in Personnel Management/Behavioural Science from a premier Institute , preferably Internship in Process work from ISISD or ISABS.*

Qualifications (IR) : *Professional Law Graduate with consistently good academic record and Post Graduate Diploma in Personnel Management from a reputed Institute with specialisation in Labour Legislation.*

Experience : *10-15 years in a large reputed engineering organisation with proven track record. Experience in HRD Planning, Recruitment, Training and Employee Development, Performance Appraisals is required for HRD position whereas experience in Collective Bargaining and Labour Legislation is required for IR position.*

Age : *Upto 40 years.*

Emoluments : *Commensurate with qualifications and experience. The vacancies are in the company's management cadre. Benefits include Provident Fund, Gratuity, Superannuation, Medical and Leave Travel Assistance, etc.*

Apply within 15 days, stating age, details of qualifications, experience, salary drawn and expected, indicating preferences for place of posting and post applied for, on application and envelope to:

General Manager (Personnel)

National Engineering Industries Ltd.

Khatipura Road, Jaipur-302 006 (Raj.).

NBC

ORIGINAL BEARINGS

Arms Bozell 2/5/91

LEADERS IN GRAPHIC ARTS INDUSTRY NEED YOU!

We need a superior **Product Manager** for the leading manufacturer of industrial consumables which ensure superior reproduction for the printing industry. The company, our client, has a growth rate of 25% per annum.

You will be based either in Pune or Bombay, should be 30-35 years, B.E., or B.Sc., with an MBA. You should also have had 8 to 10 years' experience in product management of industrial products, with a good track record.

Reporting to the Marketing Manager/Director, you will be responsible for packaging, pricing, promoting, marketing and advertising the company's products on an All India basis.

You should be innovative, dynamic, with an ability to acquire knowledge of the relevant marketing, customer and competitive profiles. You should have a flair for marketing. You will also think beyond your prescribed job function and contribute to the Company's long term growth.

Remuneration will be amongst the best in the industry and will include a car. Suitable candidates may mail their resume along with photograph and contact number, within 10 days to:

BOYDEN INTERNATIONAL
(A Division of Tristar Consultants)
616, Maker Chamber V
Nariman Point, Bombay-400 021.
Tel: 240377, 2047428, 233905

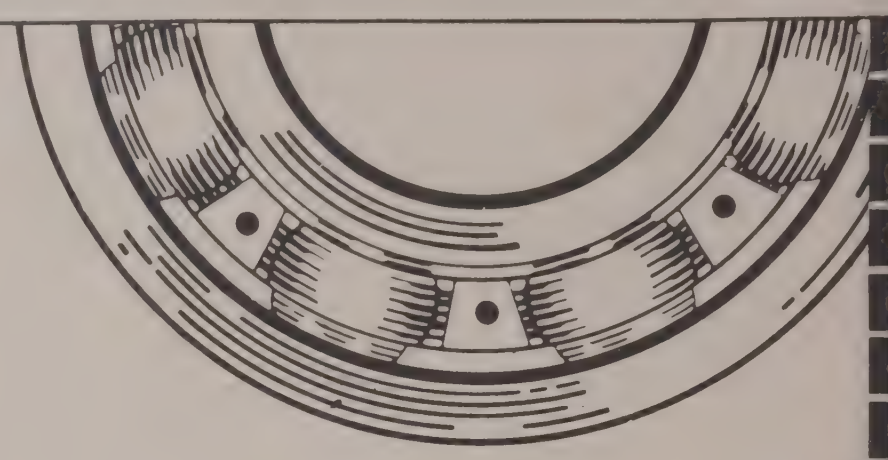
Boyden International is the most quality oriented and fastest growing Executive Search Consultancy in India. Part of the global network of Boyden World Corporation, New York – the search firm most respected for its professionalism.

Ahmedabad, Bangalore, Baroda, Calcutta, Hyderabad, New Delhi, Madras, Pune
43 offices worldwide

BOYDEN

LINTAS TB VAC 11

MOVE ON TO THE FAST TRACK



NEI is the pioneer in the bearing industry currently manufacturing more than 1.6 million bearings a month, in over 500 different sizes, ranging from 20 mm dia. to 1300 mm dia. We have a collaboration with NTN Corporation, Japan, who are leaders in the global bearing industry.

Major modernisation and growth projects have been taken up by the company for which we are looking for professionals at various Managerial levels having experience in the following areas. The positions are for our factories in Jaipur, Gunsi (near Newai,District Tonk) and proposed manufacturing plant near Bangalore.

PRODUCTION MANAGEMENT

- ***Mass Production Turning Shop***
- ***Precision Mass Production Grinding Shop***
- ***Auto Transfer Press Shop***
- ***Automatic Bearing Assembly Shop***
- ***Precision Tool Manufacturing Shop***

Manufacturing of High Precision rolling bearings and sophisticated tools involving modern CNC machines, Heat Treatment and Assembly Operations.

Qualifications : *Degree in Mechanical Engineering with relevant specialization from a reputed college.*

Experience : *10-15 years in a reputed Engineering organisation. Experience in Bearing industry an advantage.*

Age : *40 years (max.)*

Emoluments : *Commensurate with qualifications and experience. The vacancies are in the company's management cadre. Benefits include Provident Fund, Gratuity, Superannuation, Medical and Leave Travel Assistance, etc.*

Apply within 15 days, stating age, details of qualifications, experience, salary drawn and expected, indicating preferences for place of posting and post applied for, on application and envelope to:

General Manager (Personnel)

National Engineering Industries Ltd.

Khatipura Road, Jaipur-302 006 (Raj.).

NBC

ORIGINAL BEARINGS

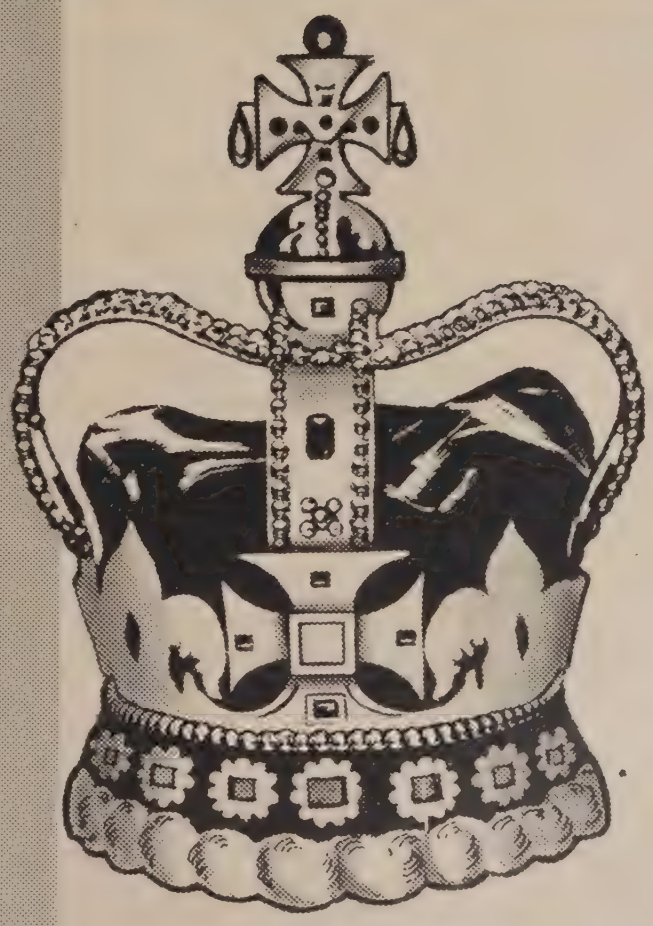
Arms Bozell 3/5/91

TCS – the leader in Management Consultancy seeks a leader.

TCS: India's largest firm of Management Consultants and Information Technologists needs a top-flight professional, to take charge of the Management Consultancy operations at Calcutta.

TCS views the Eastern Region as a high-growth potential market, with several key sectors, including steel, mining, oil, tea and power.

TCS requires a senior professional to head its Management Consultancy Group at Calcutta.



TCS professionals work on a succession of prestigious domestic and internationally-funded projects involving Strategic Planning, Organisational Development, Human Resources Management, Management Planning and Control Systems and all aspects of Information Technology. In addition, TCS provides sector-specific consultancy in areas poised for growth in the country.

The Person: The person should enjoy problem-solving in a multi-disciplinary team environment. He will head the Management Consultancy Group and be totally responsible for business development in the Eastern Region.

Qualification and Experience: The professional TCS is looking out for will have over 10 years of industry experience relevant to consultancy. He should be familiar with the environment in the Eastern Region and be ready to use an entrepreneurial approach in business development.

Those interested may apply in confidence, within 10 days, enclosing their bio-data and quoting the reference number 'MC-C/91' on the application and envelope, to

The Corporate Manager – Personnel
Tata Consultancy Services
Air India Building
Nariman Point
Bombay 400 021

Chaina-B TCS 387

Every marketing professional needs a baby

Out of management school and into the rut.

Days were when new product launches made your pulse run faster. Brilliant case studies made you feel secretly jealous. You wanted to be part of the action. See your ideas take shape, fast. And where are you now?

In a reputed organisation perhaps, with the standard highly visible products in your company's portfolio. Well, how many of them do you feel belong to you?

Worse, are you pushing papers, pushing people, carrying out somebody else's plans?

Is your mind catching rust?

Wouldn't you really like to have your own pet project, your own baby?

Introducing new products. New Brand Managers. New Group Product Managers.

Look at it as a relaunch of your career. Every year Marico will launch two new products. (In this, our very first year, we launched Hair & Care and Sweekar nationally.)

To you this could mean the big, big opportunity to be involved in the most exciting stages of a product's life.

If you have at least two years in advertising or product management (in a good company), you can hope to be one of our Brand Managers.

If you have field experience, great – if not, we'll train you.

On the other hand, if you have about five years in product management (with at least two years in sales), aim for the Group Product Manager's position with us.

We're going to look at your track record. It's only fair that you look at ours.

Our company made marketing history with Saffola – launched at a time when there was

zero demand for a health oil.

Marketing Saffola meant we had to first educate consumers about the connection between cholesterol and cooking oil.

packaging development is very active. So is our new factory and a network of two lakh retail outlets, 1200 distributors.

In just one year, we have entered a totally new phase in business.

Turnover has shot up from Rs. 84 crores (1990) to Rs. 106 crores (1991).

As a result, we will have to move to a spacious new office at Bandra. (That's where you'll work when you join us).

Will congratulations soon be in order?

Discuss it with P. Vijayan, our Personnel Manager at 022 – 8558701 or 8551225 (between 9 a.m. and 5 p.m., Monday through Friday.)

Or just send in your resume at this address within a week. Marico Industries Ltd., Kanmoor House, 281/287 Narsi Natha Street, Bombay 400 009.

MARICO

Today Saffola is a household word and the leading brand in its category.

Another brainchild : With Parachute, we created the first strong brand in what was till then a commodity market, with coconut oil sold loose.

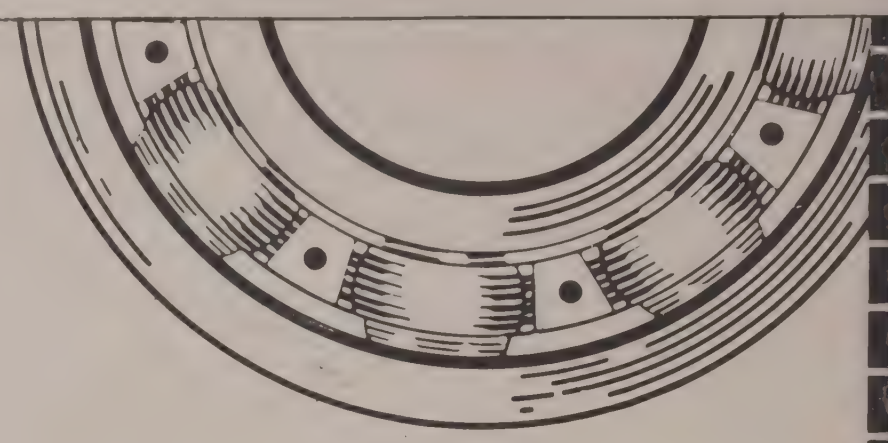
Other competitive brands followed, but Parachute today outsells all other branded coconut oils together.

So why are we shifting office in a hurry?

Things are moving fast in the company. Brands Saffola, Sweekar, Parachute and Hair & Care are doing exceedingly well in the marketplace.

Our new R & D Centre for product and

MOVE ON TO THE FAST TRACK



NEI is the pioneer in the bearing industry currently manufacturing more than 1.6 million bearings a month, in over 500 different sizes, ranging from 20 mm dia. to 1300 mm dia. We have a collaboration with NTN Corporation, Japan, who are leaders in the global bearing industry.

Major modernisation and growth projects have been taken up by the company for which we are looking for professionals at various Managerial levels having experience in the following areas. The positions are for our factories in Jaipur, Gunsi (near Newai,District Tonk) and proposed manufacturing plant near Bangalore.

TECHNICAL SERVICES

- ***Quality Assurance & Reliability***
- ***Industrial Engineering***
- ***Machine Tool Maintenance***
- ***Electronics***
- ***Product Design of Machines & Bearings***
- ***Process Metallurgy***
- ***Civil Engineering***
- ***Management Information System & Data Processing***
- ***Materials Management***

To provide first rate technical services and support in respective discipline to line management.

Qualifications : *Degree in Engineering with relevant specialisation from a reputed college, preferably Post Graduate qualification in the respective discipline.*

Experience : *10-15 years in a reputed Engineering organisation. Experience in Bearing industry an advantage.*

Age : *Upto 40 years.*

Emoluments : *Commensurate with qualifications and experience. The vacancies are in the company's management cadre. Benefits include Provident Fund, Gratuity, Superannuation, Medical and Leave Travel Assistance, etc.*

Apply within 15 days, stating age, details of qualifications, experience, salary drawn and expected, indicating preferences for place of posting and post applied for, on application and envelope to:

General Manager (Personnel)

National Engineering Industries Ltd.

Khatipura Road, Jaipur-302 006 (Raj.).

NBC

ORIGINAL BEARINGS

Arms Bozell 1/5/91

VICE PRESIDENT
AGRO CHEMICALS

DELHI

Our client, a multi product group, in the field of chemicals, petro chemicals, textiles, exports and agro chemicals, with a group turnover of approximately 200 crores, needs a Vice President for its Agro Chemicals division. This division produces technical grade pesticides. Today it has a turnover of 25 crore and is poised for further expansion to launch other products.

The ideal candidate will be between 35 – 45 years with at least 5 - 6 years experience in a similar industry in a senior marketing position. He should be an agriculture science, or science graduate, preferably with post graduate qualifications in management. Exposure to exports would be an added advantage.

He would hold an independent charge of the division and report directly to the top management of the group.

Compensation will not be a constraint for the right candidate. Please write in strict confidence giving a detailed resume and a clear contact telephone number within 15 days to :

Ms. Preety Kumar, Impact Consultants,
12 D, Block H, New Delhi-110017
Tel: 6863042 6864451

IMPACT
C·O·N·S·U·L·T·A·N·T·S

Raymond's

requires

GENERAL MANAGER — CORPORATE ADVERTISING

As General Manager, Corporate Advertising, you will be required to :

Interpret the marketing needs of all Raymond units and subsidiaries.

Evolve advertising briefs for various agencies.

Mastermind advertising strategies and oversee their implementation.

Handle textiles, readymades, cement, engineers' files, polyester filament yarn and other products – co-ordinating with their respective Marketing Chiefs.

If you have the required experience in a senior marketing or advertising position, with a portfolio of several brands, and the confidence to meet the needs of one of the top 10 advertisers in the country, write to us.

Salary and benefits are negotiable.

Send in your resumé with salary drawn and expected, to :

The General Manager – Personnel
The Raymond Woollen Mills Ltd.
P.O. Jekegram, Thane 400 606.

SKEFKO INDIA BEARING CO. LTD.,
an associate of the SKF Group, world leaders in Ball and Roller Bearings, wishes to recruit:

LEGAL EXECUTIVE

The right person will be between 32-35 years with a law degree preferably with an LLM. The person will be responsible for legal matters relating to Customs, Excise, FERA, MRTP, Trademarks and Patents, Packaged Commodities Act, Industrial Licensing and Labour Laws..

The selected person will be expected to provide advice on legal issues relating to the company's business plans.

Apart from a sound legal background, the person should have the ability to plan corporate affairs, be innovative and demonstrate the ability to deal with senior government officials and legal professionals.

The position carries an attractive compensation package and opportunities for growth.

Please apply within 10 days in confidence to:

Skefko India Bearing Co. Ltd.
P.O. Box 2202
Bombay 400 002

SKF

MARKETING ENGINEERS

(Civil Engineers)
(All major cities and towns)

We are a joint sector industry with Tamil Nadu Industrial Development Corporation as Co-promoters. We manufacture civil construction materials of revolutionary quality for the first time in India with European technology from pioneers and world leaders in this field.

Our products are to be marketed to Architects, Builders, Public and Private Sector Industries and Institutions.

We require Marketing Engineers to be located at all major towns and cities of India to market our products to above clients in their individual areas.

The ideal candidate would be a Civil Engineer with two or three years marketing experience. Fresh graduates may also apply. The job requires great degree of self-motivation.

We offer attractive package with excellent prospects for growth within the organisation.

The Advertiser (MSS)
Post Box No. 378
Madras – 600 004

coromandel
gromor

COROMANDEL FERTILISERS LIMITED

MANAGEMENT POSITIONS IN FINANCE

We are a long standing professionally managed Company in the core sector manufacturing fertilisers. We require bright, young, finance executives around 30 years.

Applicants should have passed C.A. or I.C.W.A., or M.B.A. (Finance) with first class. Candidates should have atleast 3 to 5 years post qualification experience in the finance function in reputed organisations. Working knowledge/experience on personal computers would be a distinct advantage. Apart from a good academic background and relevant experience, the Company gives importance to managerial attributes.

These positions have good opportunities for career progression and growth. The remuneration package is very attractive and includes excellent retiral benefits.

Applicants should send their resume with a recent photograph within 10 days to:

Manager-Management Development
Coromandel Fertilisers Limited
Coromandel House
Sardar Patel Road
Secunderabad-500 003 (A.P.)

WALCHANDNAGAR

CEMENT MACHINERY DIVISION

Requires

SENIOR MANAGERS

Chemical/Mechanical engineering graduates preferably having a good M.B.A. degree, to guide and lead a team of experts/Senior engineers dealing with layouts, process design, mechanical/electrical design, equipment sizing, estimation and preparation of heat/gas/material balances for large size modern Cement Plants. Should be conversant with State of the art technologies and overall system design of Cement Plants.

SENIOR ENGINEERS

Chemical/Mechanical engineers having direct experience in preparation of layouts, process design, equipment sizing, cost analysis, tender preparation and having flair for marketing.

Experience in implementation of Cement Projects on turnkey basis/operation of large size Modern Cement Plants will be considered as added qualification.

Headquarters : Walchandnagar (Dist. Pune)

Remuneration package will be attractive and commensurate with qualification and experience. Housing and other facilities will be provided by the Company.

Candidates may apply with full bio-data, their present and expected remuneration to :

The Managing Director
WALCHANDNAGAR INDUSTRIES LTD.
Walchandnagar - 413 114

VICE-PRESIDENT (TECHNICAL)

Madhya Pradesh Iron & Steel Company, a Unit of Hindusthan Development Corporation Ltd., is setting up a mini steel plant at Gwalior. The plant is in Technical Collaboration with M/s. Hamburger Stahlwerke (Germany) and would be amongst the most modern mini steel plants in India. It will be equipped with UHP/EBT-EAF, LF, VD/VOD, 4 strand CCM with EMS, High Speed Bar Cum Wire Rod Mill, Bell Annealing Furnaces, Tonnage Oxygen Plant, Lime Plant, etc. There are plans to expand the plant in the near future or to improve its profitability through forward and/or backward integration.

The candidate we are looking for should be in his early forties with 15 to 20 years of experience in the Steel Industry with thorough knowledge of the latest processes of manufacturing iron and steel. Exposure to sponge iron/HBI technology would be an added advantage. The candidate should on his own be able to guide the management regarding investment decision through his technical knowledge and analytical ability.

QUALIFICATION – Degree in Metallurgy from reputed Institute. M.Tech. or Ph.D. in relevant field plus exposure to finance/costing, could be an added advantage.

REMUNERATION – Package will include free furnished house, Air Conditioned Car with driver and all other benefits and salary package as are befitting senior executives of well established, reputed Companies.

Please apply with complete bio–data within 15 days to:

MISC

President,
Madhya Pradesh Iron & Steel Company,
'Arunachal', 9th floor, 19, Barakhamba Road,
New Delhi – 110 001.

PRESSMAN

DHARANI FINANCE LIMITED

MADRAS

CHIEF EXECUTIVE

Dharani Finance Limited is a Member of the PGP Group of Companies promoted by NRIs. The Group is successfully operating SUGAR factories in Tamilnadu and Orissa and CEMENT factory in Tamilnadu. Construction and Finance activities have been taken up recently. The finance company is planning to launch various innovative schemes and has set very high targets of growth.

The company is looking for a senior executive to lead a team of professionals to achieve the goals independently with the inherent strength of the Group.

The successful candidate would be a CA/MBA with finance with proven record in Banking/Finance Companies. The job carries a very attractive salary and compensation package. (Age - around 40 years)

Please apply in confidence with a detailed profile and a note on your achievements in various assignments within 10 days directly to:

The Vice-President (Admn.)
PGP Group of Companies,
1, Venus Colony II Street, MADRAS 600 018.

GENERAL MANAGER – CORPORATE PLANNING

DELHI
Excellent terms

THE COMPANY

Large Corporate Group with ambitious plans for further growth.

THE PERSON

Should be an MBA from a reputed institute and have Engineering or Economics background with a strong grasp of market research and financial analysis.

Should have five years experience in the conduct/coordination of market surveys as well as feasibility studies/detailed project report preparation.

Should have good appreciation of the Indian economic scene/Business diversification plans.

Preferred age — around 35 years.

Please send your application, giving details of experience, qualifications, age, salary drawn and expected, within 10 days, to:

Box No. AA/349/LC/2, **Business India,** 59, Regal Building, Connaught Circus , New Delhi-110 001.

PRESSMAN

WANTED

A DEPUTY COMPANY SECRETARY

A reputed large scale Tyre Manufacturing Company has an opening for a Deputy Secretary at its Registered Office in Bombay. The incumbent should be a qualified Company Secretary with 8 to 10 years experience in a responsible position. The applicant should have sound knowledge of Companies Act, MRTP Act, etc., and should be fully conversant with Secretarial work of a large Public Limited Company.

The suitable candidate may be considered for the position of Company Secretary in due course. Candidates in the age of 40-45 years with adequate experience may apply giving full particulars, salary drawn at present and the salary expected within 10 days to:

Box No. AA/349/TP/1, **Business India,** Wadia Building, 17/19 Dalal Street, Bombay 400 001.

ase

Ambalal Sarabhai Enterprises Limited (ASE) is a large professionally managed company engaged in the manufacture and marketing of Drugs and Pharmaceuticals and Electronic equipment.

Sarabhai Research centre (SRC), one of its Division, is involved in Research & Development activities in pharmaceutical field. It has well equipped Development Laboratory, Pilot Plant and adequate facilities for development of formulations and packaging.

SRC are looking for dynamic and mature professionals in the areas of new drug formulations and updating of current manufacturing processes to keep in line with the latest technological developments vis-a-vis market requirements.

CHIEF EXECUTIVE — RESEARCH & DEVELOPMENT

He will be the leader of a team of devoted professionals and will be responsible for initiating activities in Research & Development Division and with particular emphasis on New Drugs.

Qualification : 1. M. Pharm (First Class) 2. Ph. D.(Pharmaceutical Technology)

Experience: Minimum 5 years experience in development of Pharmaceutical dosage forms in R & D Laboratory of a renowned pharmaceutical company. Persons with experience in recognised Universities abroad as a Research Associate or Post Doctoral fellow will be preferred.

Age : Around 40 years

RESEARCH CHEMISTS

Qualification : M. Pharm (First Class) with Pharmaceutical Technology or Pharmaceutical Chemistry as a special subject.

Experience : 2/3 years experience in development of Pharmaceutical dosage forms in R & D Laboratory of a reputed University or renowned Pharmaceutical Company.

Age : Around 30 years

Attractive terms will be offered depending on educational qualifications and Administrative experience.

Initial posting will be in Baroda.

Applications in confidence may be sent within 10 days of this advertisement to :

General Manager - Personnel
Ambalal Sarabhai Enterprises Ltd.
Wadi Wadi, Baroda - 390 007

K. SHAH

Tata Elxsi is looking for an Export Manager who can make a world of difference.

Tata Elxsi has almost everything it takes to be successful in exports.

Some of the world's most advanced products, based on the symmetric multi-processing RISC technology. Software capabilities that allow us to address the advanced segments of the international market. And the human resources to mount a major drive in developed markets around the world.

What we now need is a leader who can translate all these advantages into sales.

A professional who will head the export function, and be responsible for achieving the company's ambitious targets in the export arena.

You would be an engineer or a MBA with at least ten years experience in export marketing of projects, technical services and specialised software for high-end applications.

Exposure to the US market will be a distinct advantage.

If you think you are the kind of person we are looking for call or write within 10 days to :

TATA ELXSI

Mr. K. Kuppuswamy,
Manager - Services,
Tata Elxsi (India) Ltd.,
Subharam Complex,
144, Mahatma Gandhi Rd,
Bangalore 560 001
Phone : 544163

POWER BEYOND COMPUTING.

Crompton Greaves

Crompton Greaves LIMITED

TELECOMMUNICATION DIVISION

requires

MARKETING & CUSTOMER ENGINEERING MANAGERS

Crompton Greaves, pioneers and leaders in the field of Electricals, is now a major force in Electronics and Telecommunications with a wide range of products and services backed by sophisticated In-house R&D.

The Company is looking for dynamic result-oriented leaders to take charge of our Marketing and Customer Engineering operations in the regions and leading product group sales in the field of Data Communications.

Applicants should be graduates in Electronics/Telecommunications preferably with post-graduate qualifications, below 35 years of age with 8 - 10 years experience in the Electronics Industry, preferably Office Automation. Expertise in developing and implementing Marketing and Customer Engineering related strategies, techno-commerical aspects and ability to motivate a team are essential requisites of the job.

The positions offer challenging work environment and good prospects for growth. The compensation package will be commensurate with qualifications and experience.

Please apply within 10 days with complete bio-data superscribing the envelope with code : RMM-TC to:

The General Manager (HRD)
Crompton Greaves Limited
1, Dr. VB Gandhi Marg
Bombay 400 023.

PRESSMAN

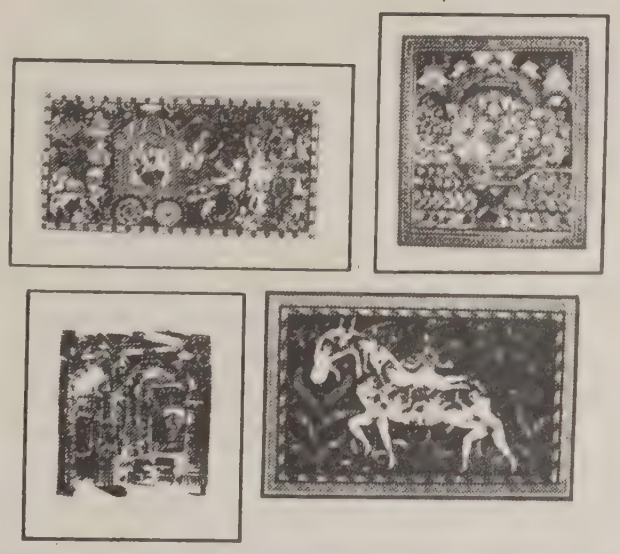
THE ART FOR SELLING

You are

★ An energetic, dynamic sales-person with a smart personality and excellent communication skills. Male or female willing to work full time or part time on freelance basis.

★ Based in Bombay/Delhi/Calcutta/ Madras, all State Capitals and Major Towns/Cities... and know an art object when you see one.

★ Willing to take up the challenge and earn the commission we'll offer! The more you sell for us, the fatter will be the pay-packet that you'll take home.



We have

★ Plans for all-India marketing of our matchless Artprints that have won national & international awards and recognition.

★ Incredible Screen Printed Artprints that are the perfect corporate gifts/ souvenirs

★ A sound production-base that can meet all marketing demands... from reputed companies/hotels/ departmental stores/Art lovers Etc., Etc.,.

So let's get together and storm the world with the unbelievable range of Artprints that have to be seen to be admired! We have already successfully made in-roads into the corporate World. You, as an independent sales representative, will be instrumental in making our mark all over the country. Show us results and we'll give you everything you deserve!

Write, giving full bio data alongwith a recent passport photograph and two reference, to:

The Chief Executive
Santi Arts ART PRINTS DIVISION
Reddypalem - 522 509 GUNTUR (ANDHRA PRADESH)

Member of SPAI



Some of the IDC models: functional good looks

Photos: Palashranjan Bhaumick



Koli's Braille copies: a new reading eye

Picture this. A blind man sits at a desk. He opens a box of compact disks. He selects one, inserts it into a drive, and then sits back to read the contents of the disk. The contents appear one page at a time in Braille on a rectangular plate in front of him. If he wishes to hardcopy a page in Braille, he can, at the press of a key.

This is the Braille Copier visualised by Sanjay Koli, a student at the Industrial Design Centre (IDC) at IIT, Bombay. The design was selected for the finals of a General Electric international design competition held recently in the Netherlands. An exhibitory panel of the model was on display at the inaugural annual exhibition of the IDC, held in end-June at the Nehru Centre in Bombay.

The exhibition was held with the intention of projecting the ideas of students of the two-year Master of Design (MDes) course to industry and the public. The IDC is one of the only two design institutions in the country; the other is the National Institute of Design (NID) at Ahmedabad. The exhibition featured project models designed by graduating students and the faculty, and covered a range of products — from a learning aid for the aged based on bio-feedback to a cryogenic container for liquid nitrogen.

No enquiries yet

For all the promise that the exhibiton held out, it didn't get the response it deserved. The turnout was encouraging no doubt, but industry did not seem to be particularly impressed. Hardly any top managers from the companies invited showed up. And till two weeks after the exhibition there were no enquiries for possible design development collaborations. The students are disappointed. "Companies are still not aware of the long-term cost savings that efficient designs fetch," says P.S. Giridhar, a student. "They only look for immediate gains."

Professional design development in the country, says professor K. Munshi of the IDC, is still a new concept; and practised by manufacturers usually only when prodded by competition in the market. The high costs and length of time involved, Munshi says, make design development a rather unattractive proposition.

Some companies do feel the need for well-designed products and have start inducting professional designers. A go example is Titan Watches. The Bangalo based company has offered jobs at Hosur plant to three of IDC's 12 19 graduates. S. Deenadayalan, personn manager at Titan, says, "The new recru will form the creative core group for ne model designs. They will bring aesthet into our process manufacturing. We co sider them long-term assets for t company."

Vikram Rajaram, general manager f HRD, adds that while the designers w bring with them design skills, they w work within the framework of the man facturing dictates of a micro-precisio engineered product.

Interestingly, four other 1991 grad ates have been offered jobs by HM another watch-maker. Munshi sees th as an indication of an increasingly co petitive watch market. "The technolo and prices in this market," he says, "a on par. In such a market, a design ed could decide who the leader will be."

Other companies that have strong pr fessional design teams are Eagle Flas



ir's electric car: moving towards a cleaner environment



Unakal's chain saw: portability and a better grip



Courtesy: Larsen & Toubro

L&T's pump: aesthetics and ergonomics

H Godrej. These are companies which ve to continuously create new designs order to offer customers a larger oice. Naushad Padamsee, managing ector of Eagle Flasks, says that at the mpany's CAD/CAM-equipped design dio in Talegaon, in Maharashtra, vers — particularly foreign — nstantly interact with the company's -strong design team. As a result, he s, final products, which take about a r from the conceptualisation stage to terialise, are not random designs, but y market specific.

me new designs

ough most of the projects at the IDC nibition were re-design projects, some re new designs. One was an electric car, signed as an alternative to fossil-fuel ven cars. The main design considera- n here, designer Rajeev Nair says, was imising between the range and speed he car, on the one hand, and its weight, the other.

The re-design projects were more prac- al, and closer to the prototype stage. ere was a personal copier, which, unlike imported models, is designed to take India's higher temperatures and high dust density into consideration. A chainsaw for cutting trees was designed for portability, a better grip, and to be ergonomically more comfortable for the user.

Another student designed a simple reusable cable drum from engineering plastics. This design went into great dimensional detail — unlike the other models which were dependent on several factors not known to their designers at the outset.

While most designers on company payrolls are usually faced with re-design jobs, the occasional new design job does come up. IDC alumnus, B.K. Chakravarthy, who now works in L&T's R&D department has just designed a petrol pump he calls the Z-line pump. The pump, which took three years to reach actual production, is now being installed in some Hindustan Petroleum outlets. The pump is functionally different in its depth of ergonomic detailing and easy maintainability. Chakravarthy is currently working on, among other smaller projects, a corporate design that will standardise the packaging of L&T's various products.

Slated for export

Some of the Z-line pumps are slated for export. And it is the highly-competitive export market that most often sends Indian manufacturers back to the drawing board. The public sector IBP's cryogenic container for liquid nitrogen is being designed for better efficiency at the IDC. Munshi says that about 80 per cent of the IDC's 20-odd ongoing projects have to do with products slated for exports. And it is with these export pressures that capital-intensive industries now seek the aid of professional designers.

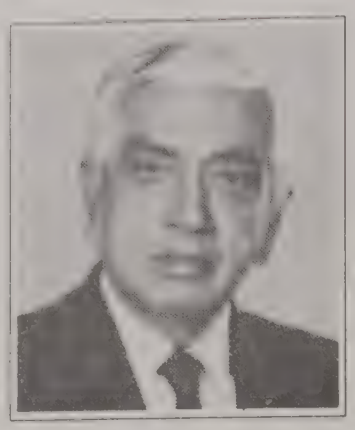
Demand for professional designers could well increase, given the new export orientation of the country's economic policies. As increasingly more Indian manufacturers seek to sell abroad, they will find that being price-competitive alone will not help. Their products will have to be designed for specific foreign markets. And that calls for some thinking about design.

■ ALLAN ABRAHAM

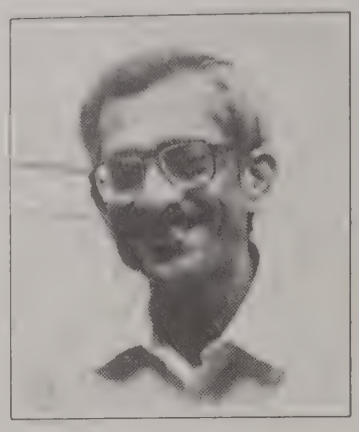
EXECUTIVE LADDER



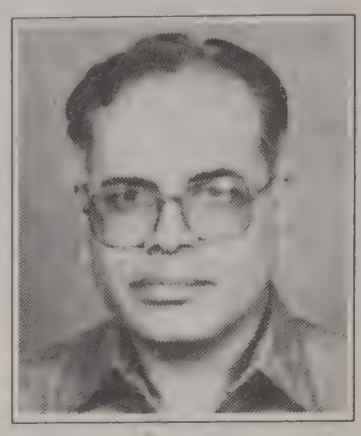
A. Krishnamurthy has taken over as chairman and managing director of Kudremukh Iron Ore Company Ltd.



R.C. Malhan has taken over as director, finance, of Bharat Heavy Electricals Ltd.



U. Mahesh Rao has taken over as managing director of the General Insurance Corporation of India.



V. Suresh has been appointed as director, corporate planning, of the Housing and Urban Development Corporation Ltd.

Ranjit Mathur has take over as part-time chairman of Container Corporation of India Lt

M.M. Shastri and **Kewa Krishan** have assumed charge as executive director, technical, and executive director, projects, respectively, of Rashtriya Chemicals an Fertilisers Ltd.

K.S. Gergan and **H.B. Linganna** have bee promoted as director, watches, and director, technical, respectively of HMT Ltd.

Ankush K. Kakde has been elected chairman o the Maharashtra State Cooperative Housing Finance Corporation Ltd

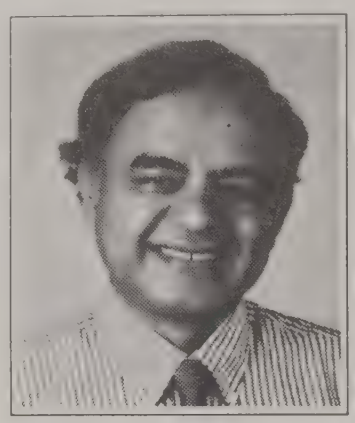
Nagaraj S.Rao has beer promoted as vice-president, southern operations, Neoluxe India Ltd.

Shashank Jain has been appointed company secretary of Phoenix Electric (India) Ltd.

K. Prabhakar Rao has been promoted as executive director, Tribal Co-operative Marketing Development Federation of India Ltd.



K.S. Vishwanathan has taken charge as president, coach division and as secretary of Sundaram Industries Ltd (a TVS Group Company).



Gurcharan Das has been elected vice-president, far east, and as Officer of the Proctor & Gamble Company, US.



Gero von Goetz has been appointed as the Regional Passenger Marketing Manager, India, Nepal, Bangladesh and Sri Lanka for Lufthansa.



B.K. Gogoi has taken over as director, production, of the Bongaigaon Refinery and Petrochemicals Ltd.

ASSOCIATIONS

J. Ram Rao has been elected chairman of the Indo American Chamber of Commerce, Andhra Pradesh branch.

M.C. Bagrodia has been elected vice-president of the Cement Manufacturers' Association of India.

A. Krishna Murty has been elected president of the Federation of Andhra Pradesh Chambers of Commerce and Industry.

V.B. Lall has been elected chairman of the Indian Plastics Institute, Delhi Chapter.

J. N. Amrolia has been elected national president of the Indian Society for Training and Development.

S. Ramachandran has been elected president of the Delhi Management Association.

Walter Vieira has been elected vice-chairman of the International Council of Management Consulting Institutes, London.

Dilip Dandekar has been elected president of the Tarapur Industrial Manufacturers Association.

H.S. Chopra has been elected chairman of the Indian Mining Federation, Calcutta.

N.K.S. Mahapatra has been elected as chairman, Eastern Regional Committee of the Fertiliser Association of India.

L. Ganesh has been elected president of the Madras Management Association.

Rajeev Swaika has been elected chairman of the Vanaspati Manufacturers' Association, East Zone.

Alfredo Borges has been elected Fellow of the U.K. Advertising Association.

M.R. Prabharkar has taken charge as general manager of the Gujrat Rural Housing Finance Corporation Ltd.

Braj Raj has taken over as general manager, personnel and human resources development, Oriental Insurance Company.

S.M. Divekar has taken over as general manager, marketing, Oriental Insurance Company.

otal involvement



i Apte, *43, is chief executive of Citicorp Overseas Software Ltd (COSL)*

ce 1985, when he conceived and set up corp Overseas Software Ltd (COSL), i Apte has been working seven days a k, 52 weeks a year. Says he, "Even n I am physically elsewhere, mentally n at work." It is this dedication that enabled Apte to make COSL the third gest software exporter (exports in 0-91: Rs.10.80 crore) in India.

ust out of the Indian Institute of Tech- ogy, Bombay in 1970, he joined mpton Greaves but found the envi- ment there too stifling and quit a year r to join International Business chines (IBM).

consultancy. In 1978, when IBM left ia, its employees were paid a substan- severance pay. With his Rs.50,000 e and his wife set up Speed Systems Ltd, a software consultancy, in Goa. e, he learnt the ropes of running a iness, an experience which stood him ood stead when he set up COSL.

he year 1980 brought Citicorp as a omer, and after developing a series of ems for them, Apte undertook a fu- stic consultancy assignment — he lked out the future technological ds and opportunities for the bank. in 1984, he closed shop and joined corp as a full-time consultant.

is first assignment was to start India ware House, a pilot project to develop ware for the bank's overseas offices. was project leader for assignments in iland, Brunei and Hong Kong, the suc- of which persuaded the management to set up a separate software export subsidiary.

On 28 October 1985, with the necessary approval from the Citicorp board, COSL commenced operations at the Santacruz Electronics Export Processing Zone in Bombay. Says Apte, "We had no significant international exposure and no customers. The simple strategy was to survive."

Under Apte's stewardship, COSL touched a cumulative export of Rs.25 crore in five years, a growth of 30 per cent annually. It focused exclusively on financial services. Today, 50 per cent of its business accrues from the Citicorp family worldwide. Two business-originating organisations were established — one in the US, Citicorp Information Technology Inc, and the other in Brussels, Brussels Financial Technology NV.

Recently another subsidiary, Citicorp Information Technology Ltd, was set up in Bangalore to address the domestic software market. "Every day is a learning experience," says Apte talking of his expertise in managing these. "Every situation is new. There are no text books written on how to manage this business."

Fitting tribute. To top it all, the department of electronics' newly-instituted award for excellence in software was given to COSL along with Tata Consultancy Services this year — a fitting tribute to Apte's contribution to India's export effort.

■ AROON SARKER

FRONTRUNNERS



The sign on his wall says: "If anything can go right, it will — Shakti's law". And it seems to have worked for **Shakti Saran**, 31, manager of Investcare, the portfolio management division of ANZ Grindlays Bank.

After a degree in commerce from Bombay University, and an MBA from Boston University, Saran joined Banque Nationale de Paris in 1984 as a trainee. In 1988, he moved to Grindlays, where he spent time in research operations before taking up customer handling. He was instrumental in setting up Investcare. He says, "every aspect of it is interesting, from coordinating research to handling the 170 odd customers, to the actual operations."

A jazz enthusiast and an avid sailor in his spare time, Saran plans to help to set up Investcare in other cities too.

— S. A.

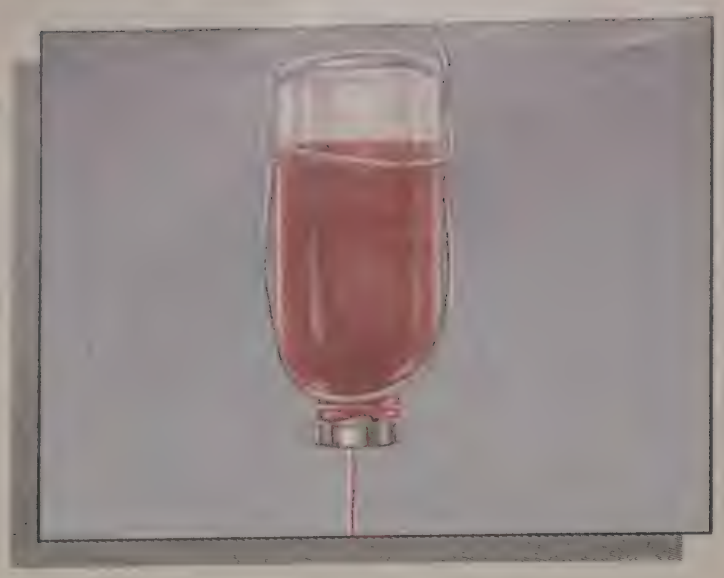


As senior project co-ordinator for the Lupin Rural Support Programme, **Mukesh Gupta,** 33, is involved in developing village-based industries in Bharatpur and Alwar (Rajasthan) for one of the largest rural development programmes undertaken here by an Indian company — Bombay's Lupin Laboratories.

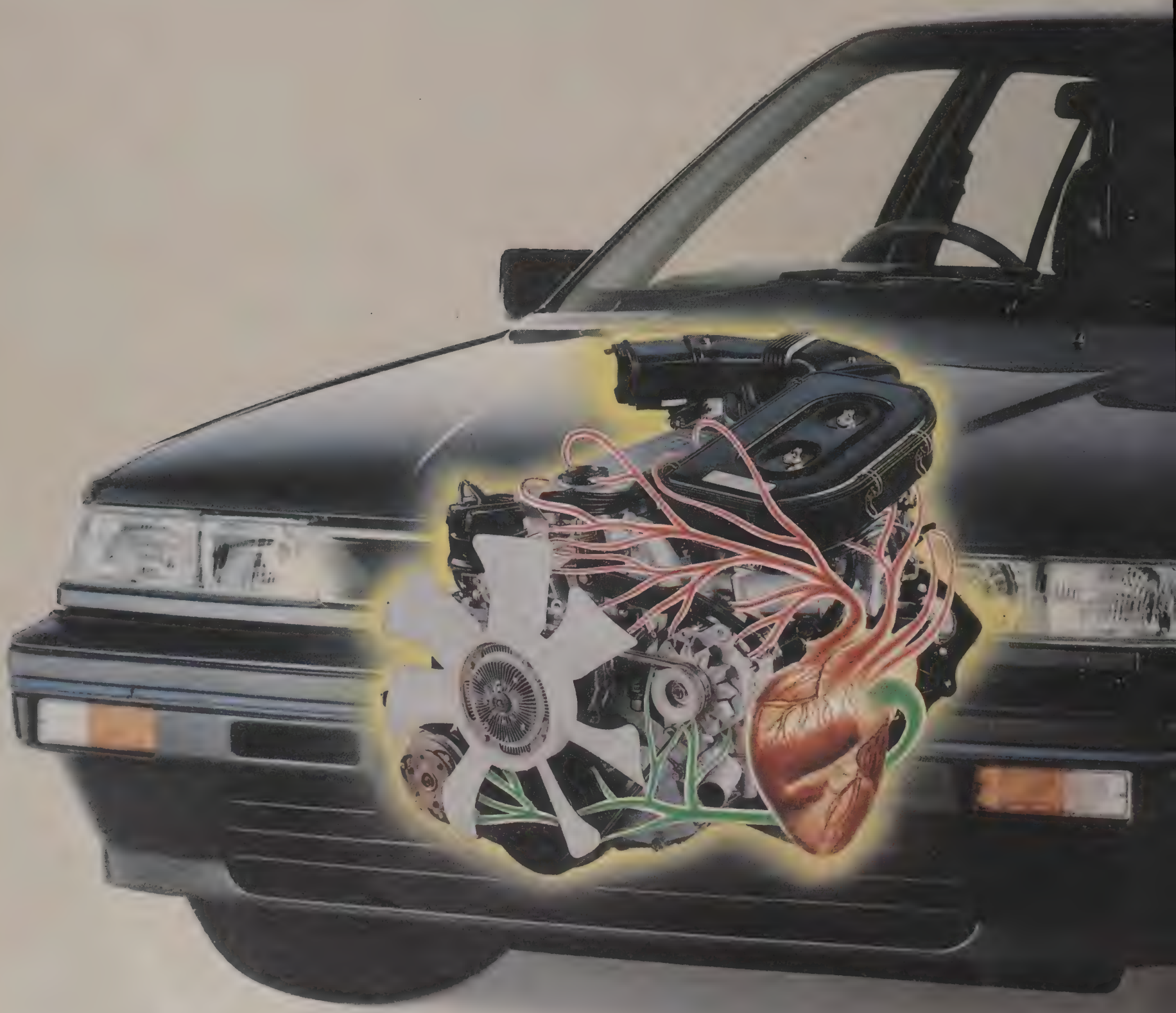
An engineering graduate from Udaipur University, Gupta did his MBA from Gujarat University before embarking on a successful corporate career. He joined Excel Industries as management trainee in 1982 and became general manager, commercial in less than four years. In 1986, he joined Four Walls Marketing as general manager (project) and helped set up a bulk drug unit.

Two years ago, Gupta moved to Lupin because "I thought I owed it to do something constructive in the land of my ancestors."

— N. R.



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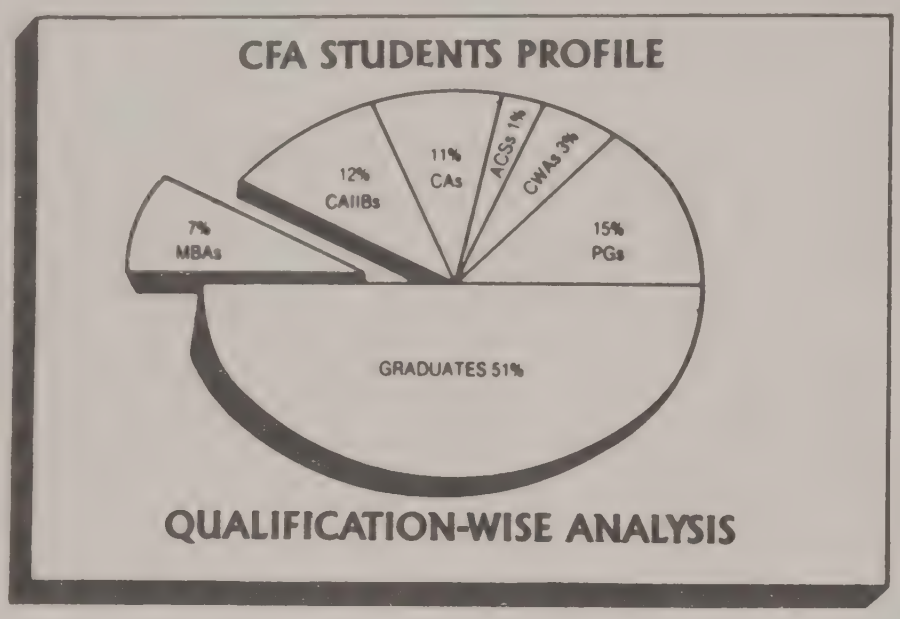
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The Indian Institute

The Institute of Chartered Financial Analysts of India has been established in 1984 as a non-profit educational society. ICFAI is a member of Asian Securities Analysts Council, Japan. The Charter awarded by ICFAI is fast emerging as a symbol of professional excellence. Currently there are 59 CFAs, occupying senior positions in banking and corporate sectors. By 1991-92, the number of CFAs is likely to be around 100. Leading institutions such as RBI, IDBI, UTI, ICICI and IFCI reimburse the CFA Programme fee to their staff.

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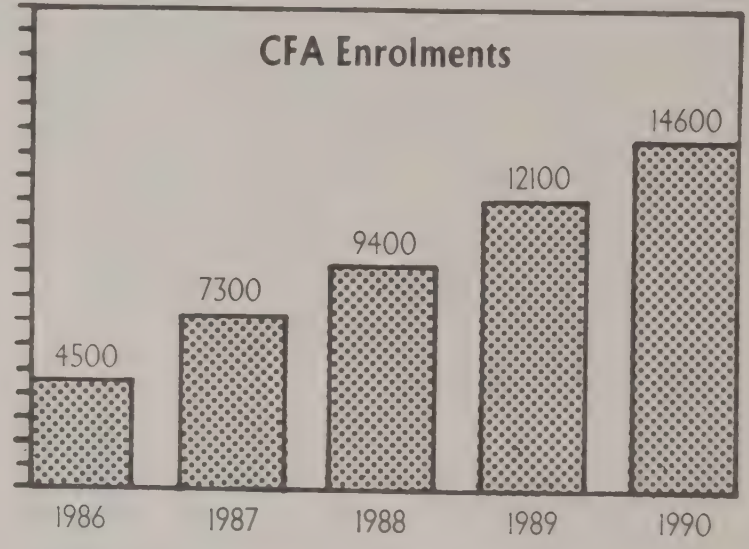
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HIN

ough times at diamond park

a dream that has, for the time being, its sparkle. Spanning 270 acres be-ing to the Gujarat Industrial Devel-ent Corporation (GIDC) at Sachin, m from Surat, is the Diamond Indus- Park, set up by the Diamond and Development Corporation (DGDC). park began to take shape in 1988 — before the recession in the diamond stry set in. Plans for this model town uded schools, hospitals, restaurants, s, an international diamond trading re and even a three-star hotel.

ne thousand diamond processing s were to be built. Of these 340 have n constructed and 230 have been ded over to allottees. But only 10 are ently functioning, 10 others closed n in April and May and have not re-ned due to a shortage of imported ghs'. Others who e taken possession e not even been to start.

Three years ago, we er visualised that re would be such a ession and foreign hange crunch," S.N. Sharma, irman of DGDC. at they did visu-e, instead, was an hetically designed, -sufficient towns-where artisans ld live and work n dignity, produc-higher yields and er cuts. As Sharma nts out, in Surat ar-ns sleep where they k, in small ill-tilated shelters n inadequate toilets and poor lighting. is affects efficiency," he explains. And ia cannot afford to be lax about this, ed as it is by increasing competition n low-wage producers such as Thai-d, China and Sri Lanka, which use more dern technology to provide better cuts. urat's diamond manufacturers nted out the need for an industrial es-e with improved facilities to Sharma, visited Surat in 1978 to inaugurate Indian Diamond Institute, the coun-s first training centre. And when DGDC tested the response through an advertisement, 900 people came forward with a token amount of Rs. 2,000 to book their units. Encouraged by this, DGDC obtained GIDC land on a 99-year lease for a project estimated to cost Rs.50 crore, with two-thirds of the finance coming from the Industrial Development Bank of India. The 900-square foot units cost Rs.1.8 lakh initially, but the price has gone up now to Rs.3.25 lakh.

Aesthetics and balance

So diamond-shaped structures began to be built, based on designs provided by the Industrial Design Centre attached to the Indian Institute of Technology in Powai. Some people grumbled about the design — people like S.P. Shah, convenor of the Gem and Jewellery Export Promotion Council (Gujarat region), who said maximum utilisation of space was difficult with the diamond-shaped structure. But he went on to book 24 units anyway, as director of Venus Jewel Pvt Ltd. Sharma, meanwhile, was emphatic: "A commercial man will look at it from only one angle, but we did not want to build boxes; we wanted aesthetics and balance."

It is all very aesthetic indeed, and serene and lush as you drive past the sal tree boundary. And it is quiet, as it was meant to be — too quiet, you realise, as you drive on. Where are the bustling units, earning the country valuable foreign exchange?

Some people who took space here are lucky; they still have diamond roughs to process. Godhani Exports' unit is busy, and has been so since it opened two years ago. Thirty-six workers, including three handicapped ones, meticulously cut and polish the dull little stones into 57 glittering facets, processing 50 to 60 diamonds per day, earning Rs. 500 to Rs. 1,000 each. "Surat's processing centres are full of dirt," says manager R.Y. Qureishi. "At the Diamond Park there is better air and more space."

Three co-operative societies are next door, named Aswini, Rohini and Krutika. These are 80 per cent financed by the Surat District Co-operative Bank, the rest coming from the members, all of whom have been trained here. The trainees, carefully chosen from nearby villages, undergo a three-month course, working and living at the Park on a monthly stipend of Rs.250. Last year, 1,500 boys were trained, according to I.B. Naik, the Park's chief executive. This year, even this target has been scaled down to 1,200 trainees.

A little distance away from the units is the shell of the International Diamond Trading Centre, a four-storey diamond-shaped structure which was supposed to have been completed last year. The ground floor has been reserved for the Surat Hira Bourse.

But while the Diamond and Gem Development Corporation can provide a package of clean well-ventilated units, machinery on a turnkey basis, loan aid and export facilities, it can do little to improve the import of roughs in an industry that is reeling worldwide. "I think the international situation will improve only after July 1992," says Sharma. He refuses to be disheartened, however. "We may be slow, but our park represents a major change from conventional industrial estates and we want to make it a model for the country," he declares.

■ MENKA SHIVDASANI



Artisans at the Diamond Park: converting dull roughs into sparkling gems

POWER LUNCHING

Deals over meals

In a culture where business and entertainment go hand in hand, lunching out has been honed into a fine art. Breakfast meetings, described by a banker as "a barbaric custom invented by the Americans", are more popular abroad. In India, where the working day tends to begin later, they are just beginning to catch on. But going by the turnout at five-star eateries at lunch time, there's no doubt as to which is the meal that counts. Many executives believe that no busy schedule is complete unless they have packed in a power luncheon in between.

Clear messages are incorporated into every invitation to dine or wine out. A cup of coffee generally means, "I don't really have much time for this, but since it's you, I'll give it a few minutes." A drink at the bar round the corner is when the relationship is on a warm and casual footing. Dinner with spouses usually means that the stakes are really high. Minus family, dinner could mean anything from, "Let's get down to enjoying ourselves person to person," to "Never mind the paper work, let's just relax". Usually, this is after the deal has been concluded.



An ice-breaker

But it is lunch that is regarded as an acceptable ice-breaker. "People tend to be freer outside their offices," explains Nanda Joshi, chief executive, Mafatlal Consultancy Services. "The change in atmosphere certainly helps."

The regulars on the luncheon circuit say that what may seem an indulgence is really a functional way of furthering business contacts. "Lunch is the only way of getting the person's attention for one to one and a half hours without interruptions or phone calls," points out Sanjay Kulkarni, director, 20th Century Finance Corporation. Neville Shroff, partner, Mazda Chemicals, agrees, adding: "While it is far more functional if one meets in either of the offices — you have your staff and papers at hand — a working lunch really means getting your business done in a different environment."

There are those who wonder as to how much brainstorming takes place over a business lunch. Anyone who looks importantly at his or her watch saying that they are rushing off for lunch, is actually heading for an hour or two of mutual backstroking, or a session of corporate gossip. "Lunch takes place usually when 50 per cent of the transaction is over," says Shroff. "Then you sit back and relax over a meal." Adds R.N. Heredia, vice-president, marketing, of Ceat: "It's not a meeting or conference with the object of taking a decision. It is, in most cases, to set the parameters for decisions that are made at more formalised meetings later." Kulkarni finds that the business lunch helps one to "explore a relationship and find areas of business to expand upon".

There is a clear pecking order in terms of who lunches with whom, and where people go. In Heredia's case, while lunching out is important, the venue does not have to be five-star, since the invitee is a senior purchase officer or distributor. Heredia usually dines at one of the local upmarket outlets near his office at Worli in Bombay.

Five-star meals are another matter. When Kulkarni needs to conduct a serious high-level meeting in privacy and quiet, he tends to gravitate towards the Cha at the Taj Mahal in Bombay. On the hand, when he wants his guests to without being weighed down by a so atmosphere, he opts for the more inf setting of a club like the Bombay Gy Cricket Club of India. The Belvedere a Oberoi is another favourite haunt of bay's top executives, but when they privacy it is the more expensive but eter Rotisserie in the same hotel that prefer.

Image building

While people like Shroff avoid five- restaurants because they find t "killing", power lunching at the h est levels does not seem to have fered because of rising prices. Sm time businessmen and those at middle-management level, may h cut back by shifting from de luxe tels to clubs, but hotels have not no difference in corporate entert ing. "Companies have a certain age to project and a drop entertaining in their customary s would immediately reflect advers on them," observes Vineet Kapo food and beverages manager, Obe Towers.

Strangely, few people actually mit to spending much time on th high-powered meals, and one s pects that is because they don't wa to admit to indulgences such lengthy alcohol-laced meals that ally accomplish little. Farid Curri director of Concept Communicati Pvt Ltd, cites the example of a seni banker who openly admits to havi five-star meals while his subord nates do the work. But few banke were willing to speak about it, and tho who did demanded anonymity. It is co mon knowledge, however, that the banki world gets a great deal of business done b tween 1.00 and 3.00 p.m.

The stereotype also has it that adverti ing executives indulge in long alcohol lunches. "That's very true of regular proc uct agencies," says Currim, "because pe ple have to give their clients a lot of hyp But if you're in a financial ad agency, you' be lucky if you get a sandwich on you desk."

If it is a fallacy that a great deal of se rious business gets done over lunch, no on has begun to complain yet. Certainly high powered executives on expense accoun should be the last to do so.

■ GEETA KRIPALAN



h, what a life! For much of his 87 years, **J.R.D.Tata** strode India's corporate *a firma* like a colossus. He seen much, heard more and e more than most, but never nd the time (and probably inclination) to commit his story on paper. When **R.M.** a, the author of two previous ks on the house of Tatas — *Creation of Wealth* (1981) *Heartbeat of a Trust* 84) broached the idea of a graphy five years ago, J.R.D. uld have nothing of it. "I 't want anyone to write ut my life during my life e," he told the author. But a, himself a Tata employee, not give up persuasion and ally the industrialist agreed a formula whereby the biog- hy would have been written wo volumes. The first one, ering the period till his nd Jawaharlal Nehru's th in 1964 was to be pub- ed during his life time and second one covering the re- inder years after his death. a began work almost imme- tely talking to the subject mself and hundreds of his nds and associates. He was o given exclusive access to usands of J.R.D.'s letters and sonal papers.

But Lala did not give up try- to impress on J.R.D. the need publish the entire biography ring his life time itself. And fi- lly in March this year when he pped down as chairman of Tata Sons, his last big job of responsibility at Bombay House, the old man finally gave in. And now the book, J.R.D.'s first full-fledged authorised biography, will be published later in the year by Viking-Penguin. "It will be about 400 pages long," says the author, "I have full editorial freedom; I hope I will do the great man's life full justice."

Herbivore chic! A vegetarian restaurant that is spread over three floors, whose grand French styled windows overlook Bombay's Marine Drive promenade and where you are assured a seat only by reservation. That is what city restaurateur **Kamlesh Barot** has bet his



money on. And the formula seems to have clicked considering the huge crowd that throng the month-old Revival, despite its unlisted telephone number. Barot is no stranger to success. He owns a restaurant called Rajdhani at Bombay's Crawford market, which is reputed to serve the best Gujarati *thali* this side of the Rann of Kutch, as well as two restaurants in Baroda. "With so many prosperous Gujaratis and Marwaris in Bombay, particularly those belonging to the Jain community, Revival was bound to catch people's fancy," he says.

A research fellow at Delhi's Centre for Policy Research, he is writing a book on the political economy of South Asia. But that did not prevent **Sundeep Waslekar** from being bitten by the 'wanting to do something worthwhile' bug. So he decided to work for peace



and recently set up the International Centre for Peace Initiatives. Its first project: "The New World Order", a compilation of articles by 40 world leaders written specifically for the book. Among those who have contributed are UN secretary general Perez de Cuellar, Bishop Tutu, Mother Teresa, Nobel laureate president Oscar Arias of Costa Rica and Eduard Sheverdnadze, former Soviet foreign minister. Financial backing came from Atul Choksey, managing director of Asian Paints and Anand Mahindra, deputy managing director, Mahindra & Mahindra. To be published soon by Delhi's Konark Publishers Pvt Ltd, this book will soon be followed by the second project — developing scientific capabilities in forecasting conflicts in south Asia.

Hogging the limelight sure makes lot of horse sense to **Vijay Mallya**. His latest foray: production of video cassettes on horse racing (what else?). Mallya recently launched "Horse Power", a 90-minute video magazine featuring memorial moments in racing interspersed with interviews with jockeys,



trainers, breeders and studfarm owners. According to Mallya, the primary objective of the six part series is "to support the racing industry just like the Fortune 500 companies patronise motor races and rallies abroad." The cassettes will be sold through the mail and at Central Bank counters.

When not working in the Small Scale Industries department of the West Bengal government, **Pranesh Chakravarty** takes to the mountains. Now he is planning the biggest ascent in his 20 years of climbing: leading 25 amateur mountaineers from Calcutta for



the first ever private attempt by Indians on Mount Everest (all previous expeditions have been under the aegis of the Indian army or government bodies like Himalayan Mountaineering Federation). Picking up the Rs.56 lakh tab will be companies like Tata Steel, Bhoruka Transport and the Peerless Group. Chakravarty and his boys will make a bid on the world's tallest peak from the tougher Chinese side.

"Allow greater competition"



Dhruv Sawhney, *president of the Confederation of Engineering Industry, speaks to Arif Sharif of* Business India *about liberalisation in Indian industry and what needs to be done to promote India's competitiveness*

How do you think the economy will perform this year? FICCI has just said that industrial growth will not go beyond 4 per cent, which is a dramatic decline from the average of 8 per cent registered by the manufacturing sector over the last five years.
That is not difficult to believe, with the current squeeze on Indian industry. But the underlying fundamentals are good and the slow-down is really artificial. Agriculture is doing well and investments have not really slowed down yet. We have had several discussions with the government and it has given us a good ear. I have always held that the credit squeeze was too sudden and was imposed without consulting the industry. We are not entirely insensitive to the foreign exchange constraint.

What would you really expect from the industrial policy, now, against such a backdrop?
The problems can be seen as long-term, medium and short-run and the policies required would vary with the time frame you are talking about. There are really three issues that have to be attended to: the high deficit and the alarming subsidies and expenditure that must be curbed if inflation is to be contained, a large national debt, and trade that perpetually gives us a current account deficit, low foreign exchange reserves and our receipts from invisibles. Of course, our total debt is large.

Presently, the government needs something like $400-500 million to get around the immediate problems over the next 30 days and we can get this kind of credit through bilateral assistance from countries like the US and Japan. And in case this does not come through, then we can arrange this with the Asian Development Bank.

But the ADB is usually not keen to lend to India because we are the largest recipients of World Bank aid in the region.
That is incorrect. The CEI has always been in close touch with the ADB which still offers a great potential for borrowing. However, this depends on approaching them in a co-ordinated fashion. But you certainly cannot impose fresh curbs on industry to contain imports for you might be causing a further slowing down of industry and leading to greater industrial sickness which might take longer to correct.

What about industry?
Our principal problem with industry is that it is high-cost and uncompetitive. And the only way you can get around the problem is by allowing greater competition. This is the only time-tested way of improving efficiency — allowing free entry and exit from the industries.

Industry is not scared of competition. Admittedly, the process of exiting will be painful but there is no getting away from it. The entire industry will have to put its head together on the issue; may be, create a social security fund that will help retrain labour or help them with opportunities elsewhere.

But labour isn't the only problem.
No, there are issues like the monopolies and restrictive trade practices (MRTP) act which makes very little sense now and ought to be done away with entirely. In terms of the global economy, the Indian companies are really very small and you are not promoting competitiveness by restricting their size. More than 40 per cent of foreign e ought to be licensed automaticall government ought to make the ru convertible on the current accou the next three years. That is the o way you can improve competitive your exportables. The only restric that you need to have are those pertaining to environment and fo exchange clearances, the rest should go.

Even administered prices?
Yes, they need to go too. I am sayi something very basic and simple – remove all constraints on product That might lead to some inflation immediately but we must be prepa tolerate that inflation.

Delicensing has not been a happ experience in India. Look at the experience with the power secto
That is because it is unremunerati do so. Besides, the government ha imposed a ceiling on the quantum borrowing from the financial institutions. You must realise that world over, there is a tendency to r borrowed funds.

Why is it that CEI is opposed to import of second-hand equipmer
Because of the environment in whi engineering industry has to functi we want at the moment is that the a level playing field. Everyone ough be subjected to the same rules; if t comes about, we are prepared for t import of second-hand equipment.

At the moment, the import regi penalises the domestic industry. D are higher for raw materials than f components and finished product. is reversed so that duties are lowes raw materials and components, th are in a position to face competitio from second-hand equipment.

What about the public-sector engineering industries?
There is a little bit of a problem th Quite simply, the government must the umbilical cord to the public-se enterprises. They should be treated other companies, with the governm role towards them being only that investor. And like other companies must be interested in returns on th investments. You cannot have each of their decisions being questioned the floor of the house.

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21 AUG 1991
C. F. T. R. I., MYSORE

From the Publisher

Ever since the twin announcement of the new industrial policy and the budget less than a fortnight ago, the stockmarkets have taken off. To the extent that the share bazaar reflects the sentiment of the business community, this shows how much trade and industry have welcomed the new initiatives taken by Manmohan Singh, the finance minister, and P. Chidambaram, the commerce minister. Both deserve the praise fully.

There are three important reasons for welcoming the new measures. First and foremost they have seized a historic opportunity. In a classic move they have converted a crisis into an opportunity. Second, they have shown a willingness to take bold steps. And have not lost their political nerve. And third, they have resisted catering to any political constituency. They have looked to what is good for the country. It is for these reasons that we must welcome and support the new measures.

Of course, there are several specific measures that we may not agree with. For example, many are not particularly happy with the amnesty scheme for tax and exchange control evaders. Also, it is possible to argue against the hike in petroleum prices, which may well trigger off another round of price increases. Moreover, little has been done in moving towards sensible rates of personal taxation. And no effort whatsoever has been made to cut wasteful government expenditure.

But in spite of these strong reservations, it is quite clear that the policy measures are bold steps in the right directon. It is always possible to argue that the changes made have not been radical enough. One only has to compare the speed of change in political and economic conditions elsewhere in the rest of the world — particularly USSR and east Europe. But one thing is clear — the present changes are irreversible. And the first steps having been taken, it will be difficult for anyone to hold back further change.

The other good thing is that the government seems to have realised that whatever major changes it wants to make, it must do so in its very first year, otherwise they will just not get done.

Obviously the question being asked is whether the markets are overheated. Our own guess is that the growth has just begun. To be sure, there will be ups and downs along the way but the underlying trend will be up. Even at the cost of going out on a limb with a forecast, one could hazard a guess that within the next eighteen months or two years the market index could easily reach 2,500.

Ashok H. Advani

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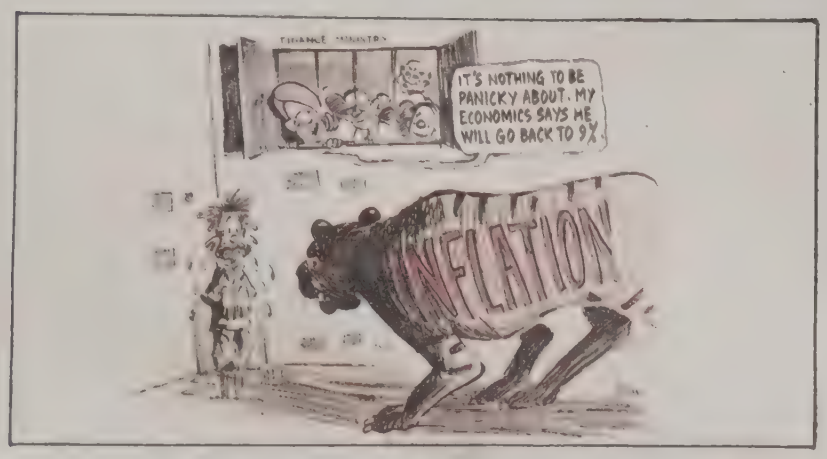
Cover Feature

STOCKMARKETS

Dances with bulls

Manmohan Singh's maiden budget, combined with his government's new industrial policy, has loosened the floodgates at the stockmarkets. The BSE Index is racing upwards, and a host of industries look capable enough to sustain the boom. While conditions are not what one might call "perfect", handled correctly, they are certainly good enough to catalyse an unprecedented phase of growth in the Indian economy

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Focus

BUDGET 1991-92

Deflation with growth

Finance minister Manmohan Singh says that we are gaining more than losing. But one thing is clear. It will be some time before the results show

55



NEW INDUSTRIAL POLICY

Only a beginning

One significant result of the new policy is that it would induce more competition, which in turn would change production patterns. New capacities would be added and specialisation encouraged though foreign investment is not likely to boom in the short run

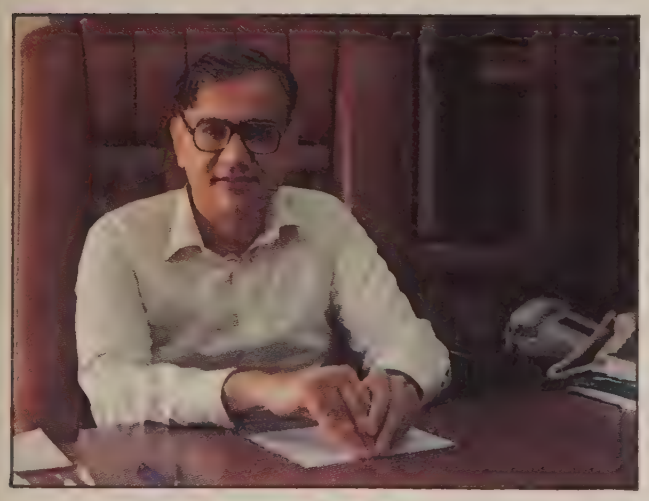


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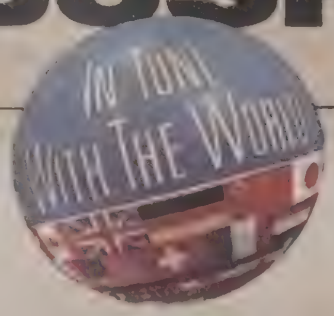
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• At what cost?

This refers to the Cover Feature and Letter from the Publisher (24 June). In the midst of all the elequence and fine turn of phrase, you have left many vital areas still untouched. Does the new government plan to weed out corruption and black money? Is there a plan to make the public sector perform and open up the economy? Do we require an outsider's assistance to understand the impact of various unfinished projects undertaken by the government?

Is there even a ray of hope of nursing the Indian economy back to health, and if so, at what cost?

H.N.NAGRAJ
Bangalore

• Turnover problems

The subject of high personnel turnover among advertising agencies is highly relevant and so are some of the issues raised in the article (Advertising, 24 June). But the conclusion seemed simplistic. The Advertising Institute can definitely help but it cannot replace the role of the organisation itself.

A surer way of retaining people would mean: clear job definitions, a rational sync between designations and responsibilities, a proactive evaluation of the career progression paths and ongoing tracking of real and potential dissatisfiers and counselling.

UMESH SHRIKHANDE
Bombay

• Milking exports

Prakash Hebalkar says that export earnings from "processed food" exports may recede continuously like a mirage (Column, 10 June). One example given was milk. And for comparison, the author has taken the price of milk in Bombay (Rs.9 to Rs.14) as standard.

In reality, no one would put up a milk products factory in Bombay city; he would rather do it at Kolhapur or Mehsana where the price of buffalo milk would be Rs.5 to Rs.6 per litre during the flush season when milk products are usually manufactured. When converted into skimmed milk at the prevailing prices for ghee, skimmed milk would cost Rs.3 to Rs.4 a litre which is much lower than prices at which it is available to European or North American manufacturers. Thus, if all the subsidies are removed by the developed countries, the skimmed milk powder made in India would be cheaper than its western counterparts.

Also, transportation and processing costs and productivity of cows have to be taken into consideration.

R.N. APTE
Bombay

• Revealing, but late

This refers to the article on the finance minister Manmohan Singh (Cover Feature, 8 July). Your story made interesting reading, especially the interview. The piece on devaluation and the impact it would have on industry too was revealing.

However, several leading newspapers had already published most of the information. Your magazine being a fortnightly, the story should have been more analytical which unfortunately it was not.

PURNIMA TANDON
Bombay

• Lies and statistics

In "Safer by air", the safety aspects between air and road travel have been compared erroneously (For Your Information, 10 June).

The catch in relative safety figures compared is that the base for comparison is the distance covered and not time travelled. Accidents take place only during the time travelled. Distance covered is only incidental and depends on the inherent speed of the mode of transportation.

In air travel, larger distances are covered due to faster speeds of aircraft vis-a-vis road vehicles which gives the air travel figures an unwarranted statistical advantage.

UPENDRA BALCHANDANI
New Delhi

• Misleading

In the article on GIC (Corporate Report, 10 June) chairman Mony's statement that a higher claim payout of 11 per cent on motor insurance is due to revised Motor Vehicles Act is misleading. Under the MVA, only third party insurance is mandatory. Insurance of vehicles and drivers is optional. The comprehensive policy robs a vehicle owner of a chance to restrict himself with third party insurance.

As a result, the government escapes the responsibility of taking care of an accident victim immediately and forces the victims to litigate.

L.T. SIPPY
Pune

• Coloured report

This refers to Kaveri Mittra's report on the launching of Spredit Margarine in Calcutta (Marketing, 1 April). The manufacture's have argued that annato colouring used in margarine is nothing but carotene and carrots being a natural product, the colour derived from it cannot be synthetic.

Colouring and flavouring of margarine is not permitted by law and the product in question therefore violates the current Prevention of Food Adulteration Act. Even annato colour is not allowed to be used in margarine. Annato does not contain any carotene and has nothing to do with carrots.

Recommending unlimited use of margarine can only lead to greater health risks and is unethical

R.P. ANEJA
Institute of Rural Management
Anand

• Resuming flights

This refers to an item that appeared in News and Events (27 May). Rajkot is an important junction for onward journeys to places of pilgrimage like Dwaraka, Somnath, and Girnar. However, reaching these places is difficult as there is only one train a week from Delhi. Moreover, since the air crash in Mangalore in February 1990, the Delhi-Rajkot flight has been withdrawn. This has affected tourism. Why not resume the flight?

MAHESH KUMAR
New Delhi

• Only 'Indian'

While it is absolutely necessary to encourage foreign investment to maintain competitiveness, it is equally necessary to ensure that purely Indian products do not suffer due to inadequate publicity. Even the educated do not appreciate that products of multinationals, though produced in India, involve quite a substantial outflow of foreign exchange.

It is very difficult for a customer to identify a purely Indian product i.e. products of firms which do not have foreign equity participation. Indian manufacturers must maintain a substantial price differential in favour of their products, even if quality wise, they are no inferior to multinational products.

J.B. Rao
New Delhi

• On with change

As far as the economy is concerned, we should adopt an extreme posture, we are way behind China and the US. Fabian socialism is futile in the present world economic scenario.

ANIL SHETTY
Padubidri

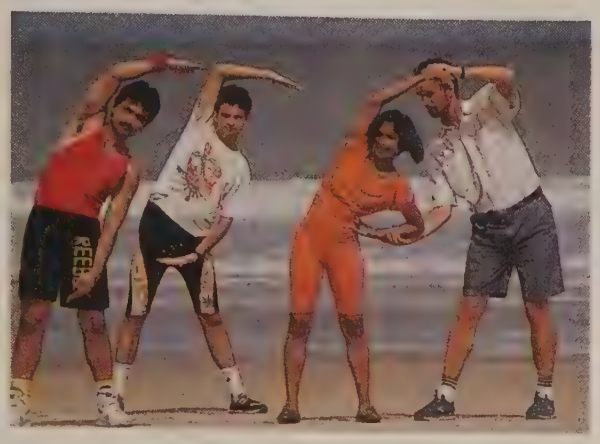
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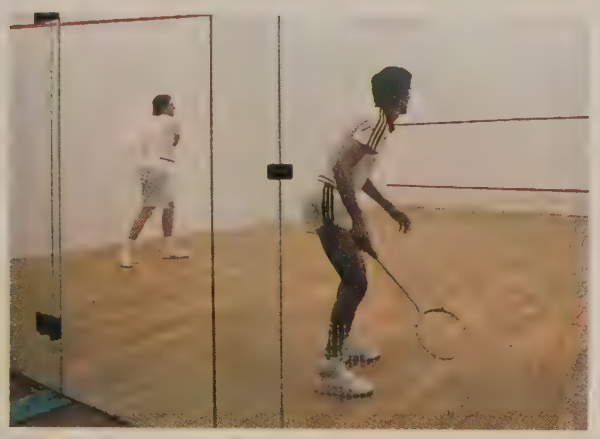
The usual business conference at The Leela.

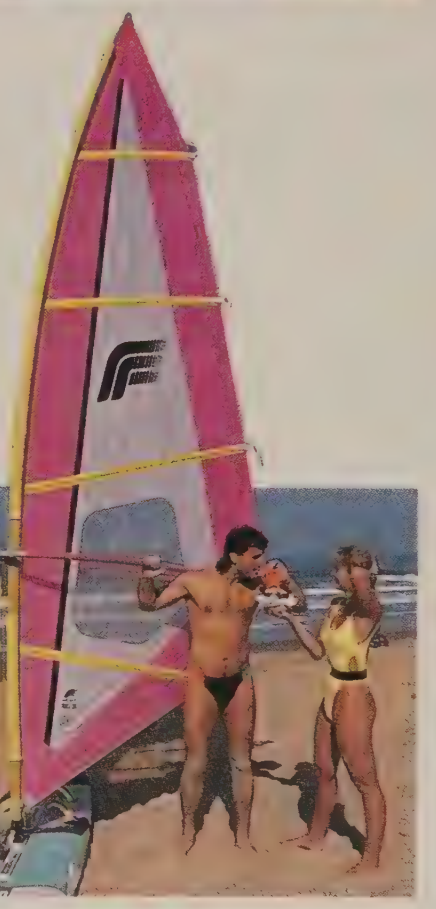






















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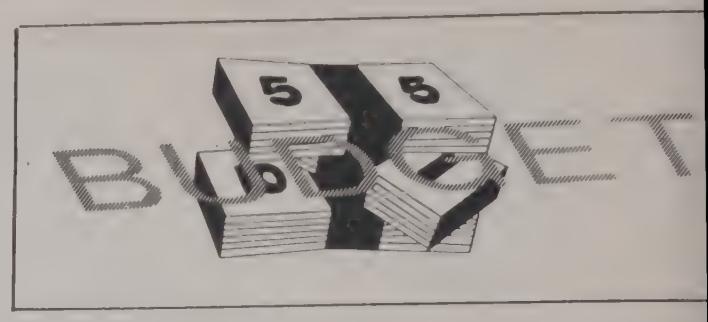
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Epochal change



Is the new government's industrial policy and budget a good one? Yes. Does it go far enough? No, but it is a big step in the right direction. Read with the changes in trade policy, there is enough to mark the new government's policies to date as epochal.

Consider that the areas where change was most needed were fourfold: less controls, less wasteful government spending, less inflation and the provision of an adequate safety net for the poor.

The industrial policy and budget both mark major steps in decontrol. Contrary to general expectations, the most dramatic reform in decontrol has come in agriculture. Fertiliser subsidies, availed of mainly by rich farmers who can afford fertilisers, are to be pruned, not at the expense of fertiliser companies but by raising prices at the farmgate. The Rs.440-crore reduction in fertiliser subsidies is, meanwhile, to be more than offset by a reduction in the loans of poor farmers by Rs.1,500 crore and an increase in spending on other rural development programmes by Rs.900 crore.

Equally welcome is the new reliance on controlling monopolistic practices rather than preventing new investment by laying down fixed criteria based on market share or asset size. This will encourage large companies to expand in the activities that they are best in rather than by forcing them to diversify into new areas in order to achieve growth. Unfortunately, however, the new industrial policy does not include the public sector under the MRTP.

The delicensing of huge sectors of economic activity, such as cement and synthetic fibres, also marks a big change from the past. The only way to make these sectors competitive is delicensing. Similarly, the only way for such sectors to access foreign technology is through free access to the world's best and the industrial policy has moved in the right direction by liberalising access to foreign investment and technology.

If controls have been adequately and most obviously addressed, a less obvious though no less significant policy change is in the control of government expenditure. If interest payments (which are currently out of the government's control) are excluded from the counting, then government expenditure is slated to fall by Rs.923 crore, primarily possible because of large cuts in allocations for power (by 25 per cent or Rs.670 crore) and abolition of export subsidies (Rs.2,500 crore).

Once again, the government could have done better. Its establishment expenditure could have been drastically pruned, for example. This is possible and the finance minister has suggested it but it will take a strong political will.

The statists in the Congress party have not given up completely, though. Continuing with licensing for motor cars, entertainment electronics and white goods makes no sense given the competitive environment these industries operate in — other than to protect those already in the field. Similarly, there is no reason why the "priority areas for growth of public enterprises" should include exploration and exploitation of oil and mineral resources.

Clearly, what has been yielded has been yielded most reluctantly since bureaucrats hate giving up control. This is seen in the industrial policy statement on freeing technological tie-ups that "the Indian entrepreneur has now come of age so that he no longer needs such bureaucratic clearance of his commercial technology relationships with foreign technology suppliers". The truth is that it is the bureaucrats who have been out of date for at least the past 20 years.

It is obvious that the tussle between bureaucrats and other vested interests versus the new government will continue. The politicians have not given up either. The public was recently treated to the hilarious spectacle of two ex-finance ministers and two opposition party hacks noisily exchanging assertions with the finance minister merely to be contentious.

There remain two areas that have not yet been addressed fully but need urgent attention. The first is a macro economic balance of resources. India's natural strength is its labour force, while capital is scarce. A critical question is whether the new policies will reduce the country's dependence on capital and encourage employment. In the past protective laws on urban labour and cheap loans for capital goods have encouraged the over-use of capital. The government has now acted positively to control the supply of capital by allowing financial institutions to charge interest at market rates. However, a labour policy is yet to be announced. And with the exception of certain food processing industries, hotels and tourism, the delicensed industries are highly capital-intensive and will not spur employment sufficiently.

The second is controlling inflation. This requires, (apart from controlling government expenditure) in the short-run, a greater reliance on direct taxes on income (which impounds funds already earned) for raising new resources rather than indirect taxes on commodities (which tend to get passed on). However, the share of direct taxes to total tax revenue is slated to fall from 20 per cent in 1990-91 to 17 per cent this year. Hence, inflation could rise in the short-term unless government can strictly control spending.

In the longer term, inflation will fall if growth is rapid. Apart from liberalisations in the industrial policy, the proposals to improve the quality of capital markets by empowering the Securities and Exchange Board and by allowing private mutual funds will help. However, the problem of unproductive public-sector units (even after partial disinvestment) and inefficiencies in the small-scale sector will remain.

Yet the new government's policy needs to be cheered, largely because of major changes announced but also because of the future changes it signals. Those cynics who say that the changes have been inspired by the IMF fail to realise that several of the IMF's important prescriptions such as tax on agricultural income and greater protection to intellectual

property have been ignored. In other words, nothing in the budget or the industrial policy reads like a sell-out to economic imperialism. If parts of the industrial policy and the budget read like they were written in Washington, it is because the Indian government's analysis is finally reasonable.

Making every drop count



Is it only in India that controversies erupt in such a strange manner and at inappropriate times. The on-going dispute between Tamil Nadu and Karnataka on sharing Cauvery waters has taken a serious turn within a week, that too when all the reservoirs in Karnataka are overflowing and the water level in Tamil Nadu's Mettur dam is three times more than what it was last year. But emotions are running so high that a martyr has already emerged in the person of K. Ramamurthy, Union minister for labour, who has resigned.

The river water sharing agreements go back to 1892 and 1924 when the state governments of Tamil Nadu and Karnataka did not exist. It was decided between the governments of the old Madras presidency and the former princely state of Mysore, that the annual average release of water into the Mettur reservoir in Tamil Nadu would be about 370 TMC (thousand million cubic) feet. Once Karnataka came into being, it refused to acknowledge the earlier agreements.

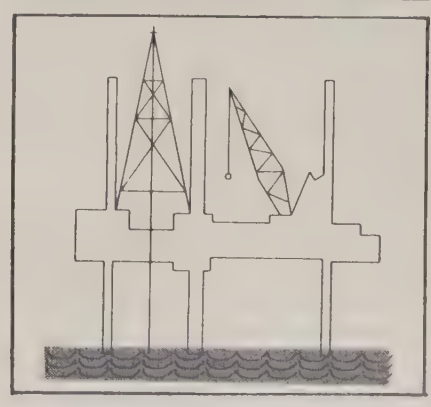
It took unilateral decisions to construct three reservoirs in violation of the earlier agreements. This restricted the Cauvery flow in the Mettur reservoir to something between 140 and 180 TMC feet annually. The dwindling water supply has carried up the once lush Thanjavur delta which was once known as the rice bowl of the state. Karnataka never fails to point out that earlier, agriculture was better developed in Tamil Nadu's Cauvery delta and Karnataka had not developed at the same pace. This is why more of the water was used by Tamil Nadu while Karnataka was content with less. Today Karnataka's needs have increased and it wants to bring more land under irrigation. After all, the Cauvery originates in Karnataka which makes it the upper riparian state entitled to more water.

One cannot deny Karnataka's right over the water, but the state has never tried to work out a compromise with Tamil Nadu. It has treated Tamil Nadu's requests with arrogance and kept the farmers in suspense year after year.

After interminable meetings and hearings for 20 years, a Cauvery Waters Dispute Tribunal was set up under the DMK in June 1990. Tamil Nadu's request for an interim ruling was upheld by the Supreme Court which said the tribunal was empowered to give interim orders. The tribunal passed this order directing Karnataka to release 205 TMC feet of water to Tamil Nadu in a full year, which has been vehemently rejected by Karnataka. Tamil Nadu has been wanting the Centre to help implement the award. The Centre, being pressurised by both states, has referred the matter to the Supreme Court.

The Tamil Nadu chief minister Jayalalitha sees this as a clear betrayal by the Centre. She is outraged. Can the PM, whose fragile government depends on the support of his Tamil Nadu ally, afford to commit tactical blunders? He certainly did so by not informing Tamil Nadu about the Centre's decision to refer the matter to the Supreme Court. And also not using his good offices to bring Karnataka under control. Karnataka has certainly shown a great deal of irresponsibility in passing an ordinance to prevent the implementation of the award. The situation has been diffused by nature. The rains have come to everybody's rescue. Now will all the parties abide by the Supreme Court's verdict which should be given as soon as possible? Or will the politicians continue to keep the issue alive for their own petty interests?

Perestroika in oil-prospecting



After five years of official procrastination, there is finally good news on the fourth round of bidding for oil exploration. This has been opened to the private sector (conspicuously excluded from the third round) either on its own or in consortium with foreign companies. There are more blocks on offer (71), including 33 onshore blocks, versus 27 (all offshore) in the third round, at attractive terms and with good prospects of yielding oil.

None of this would have occurred earlier given the Oil and Natural Gas Commission's (ONGC) past practice of retaining — without realistic exploration plans — the most attractive blocks. Attracted by the change in strategy, three international oil giants and some Indian firms appear interested in making serious bids.

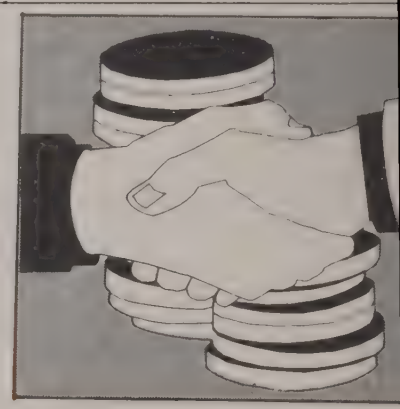
Equally important is the offer of a dozen isolated and marginal pools to the private sector. These were discovered earlier by ONGC but left unexploited as they were of low priority. These pools could soon yield over 2,000 barrels a day (worth $15 million annually), while providing the private sector with valuable learning experience in its quest for global competitiveness.

Since multinational firms will undoubtedly be among the successful bidders, the other moves to make the fourth round successful must include a "single-window" system for clearances on the part of the government rather than the current obstacle course involving the ministries of finance, defe commerce (excise) and petroleum. Furthermore, the i viduals selected for this single window committee must h the stature to cut across ministries and get jobs done.

Second, a sense of continuity and competition has to brought into the process. This requires that the round syst of bidding be replaced by a continuous process of enterta ing bids from interested companies. This will reduce the ti lags and intensify the process of prospecting for oil. This strategy that has paid off in Malaysia and Indonesia.

Third, ONGC and Oil India Ltd need to be evaluated a monitored on the basis of the same criteria and as rigorou as any other prospector for oil. This alone will curb their torious inefficiency — short of divesting their holdings.

If these three complementary policies can be put in pla India has a good chance of meeting its domestic needs home within the decade.



Amnesties and economic realism

Any amnesty scheme, however well-designed, carries the odorous burden of its impact on future tax compliance. As the rural loan waiver scheme has demonstrated, the incentive to repay good loans has been severely affected.

Those who say that black money is a fact of economic life and that amnesty schemes merely reflect realism ignore the real fact: that it is an insensible tax-regime and insufficient penalties for non-compliance that has created black money in the first place.

Just as one example, a wealth-tax that taxes equity holdings at 5 per cent of market value when the dividend yield on equity is typically below 3 per cent of market value is essentially a confiscatory tax regime as it means that earnings from dividends (which are themselves taxable) are less than taxes to be paid. This has had a deleterious effect on the development of equity markets and is contrary to the government's stated intention of promoting the equity culture.

Similarly, the absence of effective penalties on holding unaccounted income has led to the proliferation of black money. When black money is discovered, it is merely added on to income and penal interest is levied on the amount. But how many businessmen have actually gone to jail for holding black money?

That said, the government has periodically come out with schemes to mop up black money, including two in the latest budget. Unfortunately, unlike the successful Bearer Bond scheme of 1981 which raised Rs.965 crore, the two schemes in the budget for channelling black money into the official economy are both poorly designed and unlikely to work. The first is an amnesty scheme: individuals can deposit unaccounted fund[illegible] the National Housing Bank (NHB) and immediately recover 60 per cent of the amount for their ow use, forfeiting the balance. This is equivalent to a 40 per ce tax, which though reasonable is morally amiss: illegal ear ings made by, say, a closely held public limited company i 1991 will be taxed at 40 per cent while legal earnings will b taxed at 57 per cent. Should otherwise honest companie convert as much income to black income as is possible befo the amnesty date of 30 November and then use the scheme t convert it into tax-free white money immediately thereafte

For those with black money in hand, even 40 per cent i too high. The tax will need to be lowered to about 25 per ce to equal the nuisance costs of evading taxes and transferrin the money abroad at a *havala* premium of about 20 per cen

The second scheme is even more unlikely to increase th flow of funds into the official economy. Under this scheme any individual can send monies in foreign exchange to any one in India, free of Gift Tax. Earlier, such exemption wa available only for funds sent by close relations. The hope i that those who have stashed large sums abroad will repatri ate them. The fact, however, is that such individuals were never deterred by the "close relation" requirement as these were always "available" when needed.

The scheme at best will encourage current holders of black money in India to transfer their funds abroad and return them less the *havala* premium. In other words, the finance minister has accepted that a 20 per cent "tax" be paid to *havala* racketeers by persons with illegal wealth in order to legalise black money. But is this not taking economic realism a bit too far? At the very least, he should have looked for more innovative ways to appropriate that tax for the government instead.

Swissair Customer Portrait: Harry Singh and family, Industrialist.



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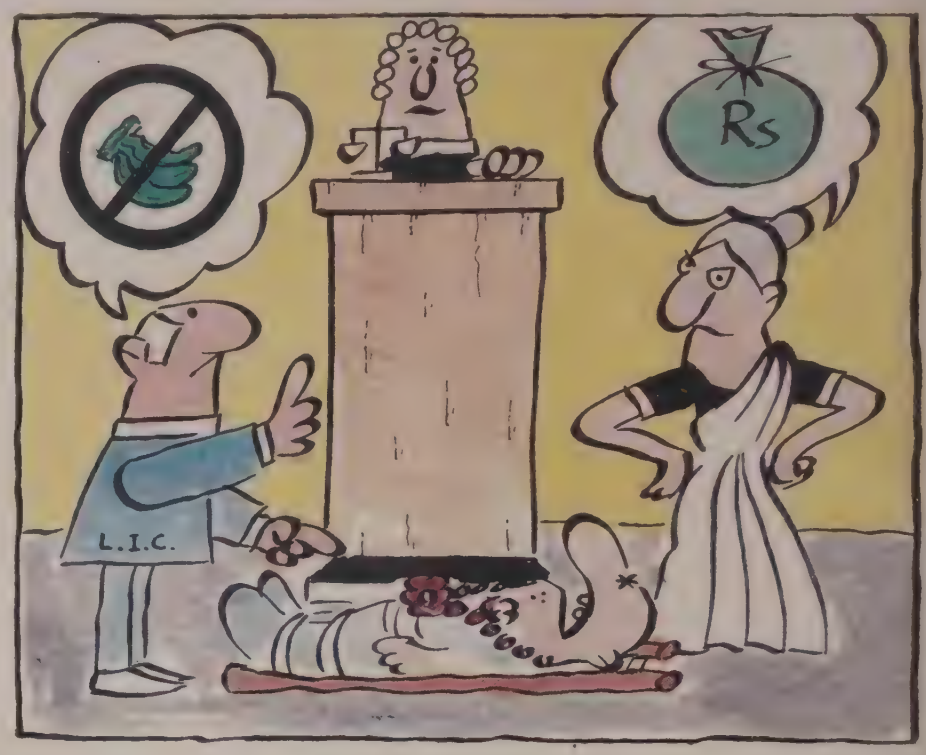
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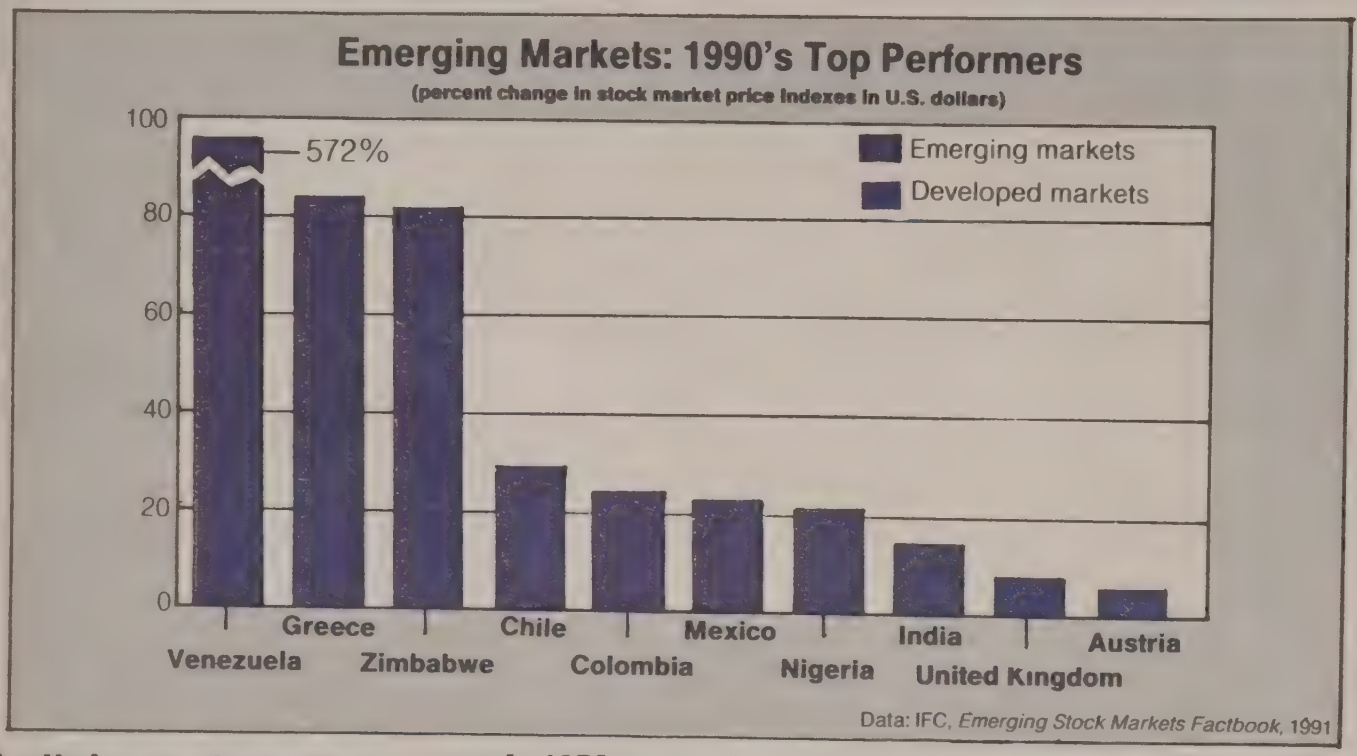
LIC's fruitless fight

Vithaldas Parmar took out an LIC Jeevan Mitra policy in February 1986. He was subjected to a thorough medical check-up and was considered fit enough to be insured. But Parmar died suddenly after ten months.

Peeved at the prospect of settling his widow's claim, LIC's Rajkot branch decided to act tough. The over-zealous branch manager had an old medical file on Parmar dug up in which an ayurvedic practitioner's prescription, which forbade him to eat bananas and pears, was discovered.

Promptly LIC concluded that Parmar had not followed that bit of advice. Calling his widow, Manjulaben, to his office, the branch manager told her that LIC was willing to offer her only a part of the full amount as a 'humanitarian gesture'. Not to be outdone, Manjulaben moved the Rajkot District Forum which ruled in her favour — LIC was directed to pay the full insured amount and stop its fruitless fight.





India's stockmarket boom

The developing countries had the fastest rising stockmarkets in the world last year, according to the 1991 Emerging Stock Markets Factbook published by the International Finance Corporation (IFC). The top market, in dollar terms, was Venezuela (up 572 per cent), followed by Greece (up 90 per cent), Zimbabwe (up 84 per cent) and Chile (up 31 per cent). India was number eight, with a rise of 16 per cent.

In 1975, the total capital raised in the primary market was Rs.990 million ($118 million approximately). In 1980-81, Rs.1.92 billion ($243 million) was raised and in 1984-85 Rs.10.58 billion ($890 million). However, the primary markets came into their own only in the second half of the eighties, the resources raised increased rapidly to Rs.20.97 billion ($1.71 billion), Rs.43.50 billion ($3.41 billion), Rs.45.13 billion ($3.48 billion) and Rs.56.51 billion ($3.9 billion), respectively in the four years from 1985-86 to 1988-89. The year 1989-90 witnessed an all-time high of Rs.102.10 billion (6.13 billion) in resource mobilisation from primary markets — a hundred-fold increase over the 1975 figure.

The number of shareholders is estimated to have increased from about 1.2 million in 1980 to 9 million by 1990 and the share of equities and debentures in gross financial assets of the household sector grew from 0.8 per cent in 1975-76 to 4.2 per cent in 1988-89 (in 1985-86 it had reached 6.4 per cent).

Communication goes cheap

The world is growing smaller every day and cheaper too than what it was half a century back as transport and communication networks increase and costs drop.

Over the past 60 years, the cost of sending cargo by sea has more than halved — from $100 in 1930 to around $50 in 1990. Flying has in relative terms, become even cheaper: the average cost of air transport is now only a sixth of what it was in 1930. But telephone calls are the real bargain. A three-minute trans-Atlantic call now costs barely 1.5 per cent of what it did 60 years ago. But while the price of telephone calls continued to fall during the eighties, the cost of air and sea transport crept up as equipment and labour became dearer. The trend would be bad news if it continued: the past few decades of tumbling transport and communication costs have helped boost world trade and make financial markets global.

BEST's image-building spree

Installing audio equipment in buses is only one of the things the Bombay Electric Supply Transport Undertaking is doing to build its image. There's more happening at BEST. Buses will now have special seats for the physically handicapped and women — the first three seats have been reserved for the handicapped and the next six for women. Men please note that in double deckers, the three seater bench on the left hand side at the entrance is meant for the handicapped and that on the right is for ladies only.

Meanwhile the BEST has introduced counselling for the staff. Those with a bad performance will be given a piece of advice and those with a good record a pat on the back. BEST officials say it's working out well.

Thriving on stress

Thanks to the law, stress claims by workers have become a growth industry in California, US. Last year alone, an estimated $380 million was paid to workers claiming sleepless nights, headaches and other ills. TV commercials and newspaper ads beckon workers to doctors and lawyers, who counsel those who have been fired, transferred or work under unusual pressure.

According to an industry group, the National Council on Compensation Insurance, Golden State workers collected $5.3 billion in disability payments in 1989 — a 10-per-cent hike over the previous year.

Stress-related claims have now become the key issue in resolving the already convoluted struggle over the state's $56 billion budget.



Where the Tatas rest in peace

In the city that celebrates life more exuberantly than any other in the world, even the dead have a style of their own. The Pere-Lachaise, sprawled over 115 acres of tree-covered rolling hills in Paris, is probably the most tourist frequented cemetery in the world. Here under marble tombs and granite grave- stones lie hundreds of celebrities, both French and foreign. The names include the likes of Chopin, Moliere, Oscar Wilde, Marcel Proust, Apollinaire, Balzac, Delacroix, Sarah Bernhardt, Isadora Duncan and, of course, under a rather nondescript grave stone lies the legendary rock star Jim Morrison.

But all these graves would seem inconspicuous when viewed against the tombs of a family that not many Parisians would even recognise — the R.D. Tata family. Ratanji Dadabhoy Tata was the father of the current Tata patriach, J.R.D Tata, who ran a prosperous trading house in Paris dealing in pearls and silk. He died in 1926 and lies buried here along with his wife and JRD's French mother, Suzanne Briere, who went by the name of Sooni Ratan Tata. So next time you are in Paris and do go to visit Pere-Lachaise, look out for the gravestone bearing the name "Famille R.D. Tata"

Taking stock

Stockmarket yearbooks, analysis and reports in financial papers and magazines are all for the moment. However an enduring and easy reference of a company's financial track record can be found in the Stock Exchange Offical Directory.

Available in an 18-volume set costing Rs.5,000, the directory contains 10 years' detailed analysis of the important companies quoted on the country's 19 stock exchanges, important non-quoted companies, public-sector undertakings, etc. Weekly updates at an additional cost of Rs.2,500 per annum give up-to-date data on the companies, including six-monthly results, details of rights issues, etc. This means that over the year every page in the 18 volumes is replaced.

The directory also is a mine of information on the history of the stock exchanges, their office bearers, and index movements.



Pleading innocence

Not only is the industry worried about the current liquidity crisis in the financial markets, but even banks are puzzled as to where their funds would come from and how much it would cost them! The creators of this crunch, RBI, having used the excuse of containing inflation, sit back with the satisfaction of a job well done. Suddenly, the North Block mandarins have awakened and have started questioning the chaos.



Pankaj Desai

In a recent letter to the banks, the finance ministry seems to have questioned the reason for the high cost of interest incurred in the months of April and May. As if they did not know, wonder bankers. They interpret this government move as one seeking to reimpose the call money market ceiling removed in 1988 as the first step towards liberalisation.

Getting set to go

Gujarat Narmada Valley Fertiliser Company (GNFC) has finally taken concrete steps to implement its four-year-old LoI for the manufacture of TV glass shells. It has recently tied up with Videocon International Ltd and formed a new joint venture called Gujarat Narmada Electronics Ltd to implement the project. GNFC will hold 26 per cent of the equity and Videocon 25 per cent. The rest will be offered to the public via a public issue.

The technology for glass shells will come from OI-NEG of the US and the cost of the project is estimated at Rs.500 crore. On full capacity, the plant will produce 3.5 million glass shells for colour TVs and 1.75 million for the black and white sets. Two of the three Dhoot brothers of Videocon have already joined the board of the new company and one of them will take over as managing director.

Videocon also plans to set up a TV picture tube plant. Once this is done, the company will complete its backward integration process.

Waiting to diversify

Ambitious plans are afoot at Carona Ltd. After its tie-up with Puma for sports shoes, the company is intent on gaining a foothold in the overseas market. While it has recently bagged an order from Germany for sports shoes, it is now eyeing the leather shoes segment.

Another tie-up, this time with a major north European shoe company for setting up an EOU for leather shoes is waiting to be finalised. Although 75 per cent of the production from this unit is destined for foreign feet, Carona will market the rest in India under the foreign brand name. Another diversification awaiting government clearance is Carona's plans to manufacture sporting goods and apparel for the domestic market in collaboration with Puma.

Havala boons

The one sector of business that has really boomed after the budget is the *havala* business. Operators are having a field day and very strong demand has pushed the unofficial rate of the dollar to between Rs.32 and Rs.33. The reason for the sustained demand is that the budget created a mini bonanza in the money laundry business. The modus operandi is simple: send cash out and bring it back as a gift in foreign exchange. No questions asked.

Businessmen have calculated that this is much better than the other amnesty scheme which attracts a 40 per cent tax when money is deposited with the National Housing Bank.

It is a pity that the Government relies only on *babus* in Delhi and does not consult businessmen when formulating such schemes.

Back to basics

Lupin Laboratories has had a terrific track record in pharmaceuticals. But it has not been as lucky with its foray into synthetic leather. Three years ago, it set up a Rs.9.6-crore plant in Goa to manufacture the product under the brand name of Polynova, and brought in Shashi Dash, a former managing director Universal Luggage to run the project. never really took off and Lupin's mana ing director D.B. Gupta has now put t division up for sale. The developme comes around the time when the co pany, which is a family-owned one, making plans to go public at long last.

Colour changes

There is an ongoing controversy betwee film producers and HPF on the price i crease of colour positives and HPF's mo nopoly over the conversion of graphi RTS paper, X-ray films and film roll HPF has not got into major manufactu ing yet in spite of being around for thre decades. But although about 10 small scale industrialists have put up conver sion units, HPF has not allowed them t convert anything other than colou paper.

The SSI lobby is not strong enough t take on HPF. Now with the current liber alisation of industry, HPF has to face competition for the first time. This, cou pled with the film lobby's annoyance with HPF is expected to bring about policy changes in the organisation.

Quite a merger

What caused Reliance Petrochemicals Ltd's (RPL) B and C series of convertible debentures to spurt up from Rs.40 to Rs.72 and Rs.150 to Rs.192.50, respectively, in a single trading session on 31 July? Market analysts put it down to a rumoured merger of RPL with Reliance Industries Ltd (RIL).

The logic of the merger is that on conversion of its above debentures, RPL's equity is expectd to jump from the present Rs.87 crore to Rs.500 crore plus. RPL will find it difficult to service its equity for quite a while, as commercial production is not under way.

RIL will gain from the merger a couple of years down the road when RPL starts production. By then RIL will have acquired a Rs.600-crore company with the addition of a mere Rs.80-100 crore to its equity, with Rs.400 crore added to the reserves.

Then the argument goes that if all goes well, with the amendment of the MRTP and amalgamations and mergers made simpler, within two to three years RIL may well become the largest Indian company in terms of assets and turnover.

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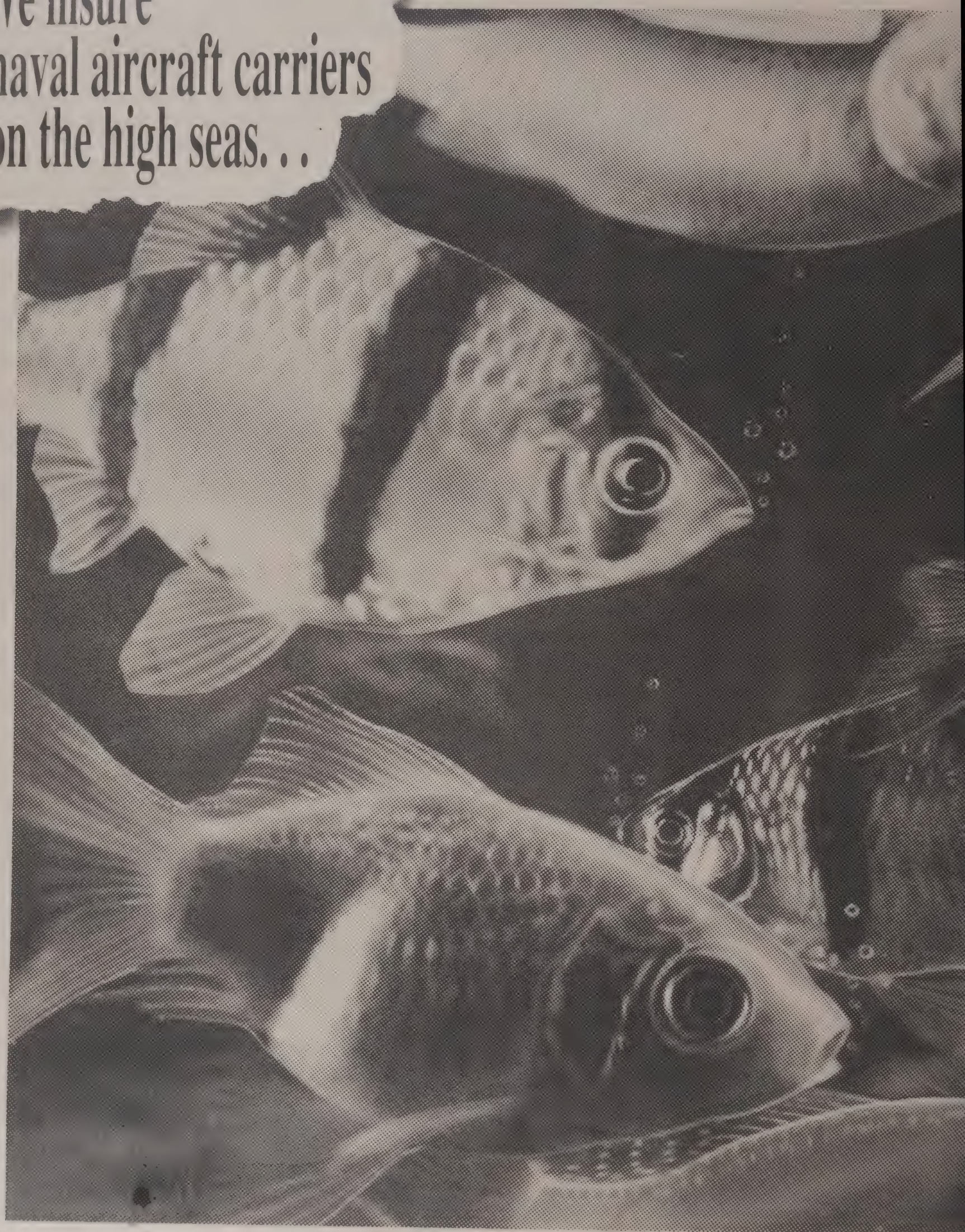
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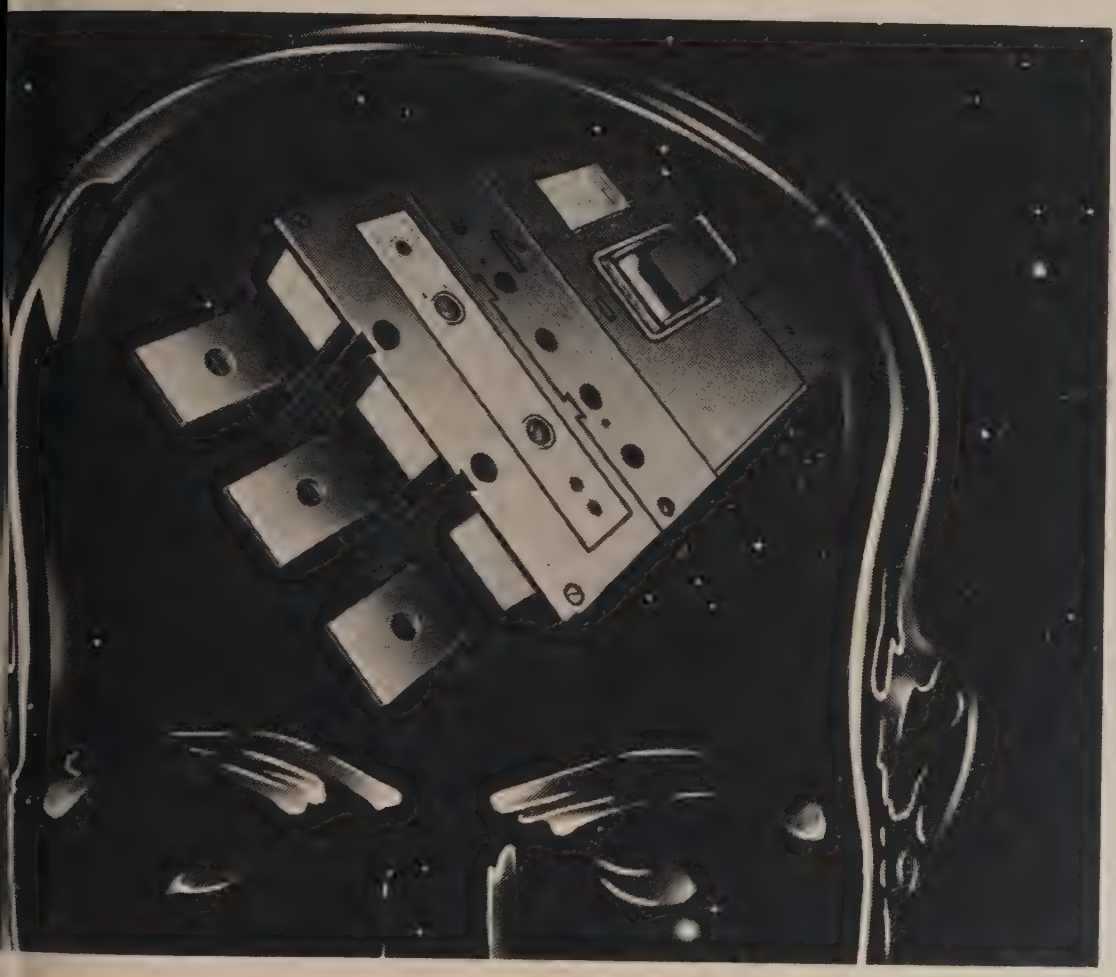
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Supermanmohan

Wednesday 24 July. The government announced its **new industrial policy**, making a radical departure from the thirty five-year-old regime of controls, licensing and protection. Companies can now expand freely without having to ask the Monopolies & Restrictive Trade Practices Commission and foreign companies are allowed to hold a controlling 51 per cent equity stake in Indian subsidiaries.



On the same day, finance minister Manmohan Singh presented his **first budget**, a valiant attempt to scale down the fiscal deficit from 8.4 per cent to 6.5 per cent of GDP. Though labelled by critics as a soak-the-rich-spare-the-poor exercise, Singh stoutly defended it saying it represented "an adjustment with a human face"

In a heated post-budget television debate, former finance ministers **Yashwant Sinha** and **Madhu Dandavate** accused Manmohan Singh of having sold out to the IMF. "Inflationary!" thundered Sinha. "Your fault!" Singh snarled back. The verbal brawl came to an end when the interviewer pleaded, "Gentlemen, this isn't parliament".

Monetary matters

Until it sanctions the multi-billion dollar credit to India — $ 5-7 billion — the **International Monetary Fund** (IMF) has approved a $220 million bridge loan as compensatory and contingency finance.



Utilising the IMF's gold tranche facility, India obtained a Rs.1,173 crore loan in the third quarter of 1990. This was kept a secret by the previous two governments until the pre-budget economic survey spilled the beans.

The International Finance Corporation (IFC) has second thoughts about forking out foreign exchange for **Haldia Petrochemicals Ltd**, the mega joint-sector project between the West Bengal government and Tata Tea Ltd. IFC says cost overruns have made the project unviable.

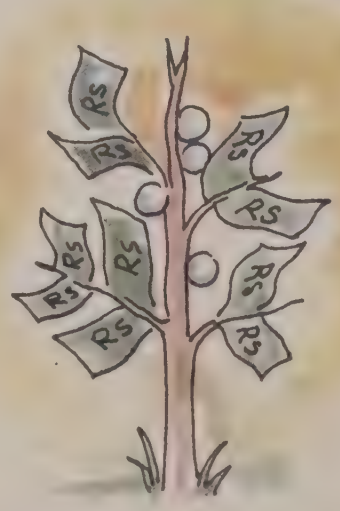
Financial companies have been given permission by the Reserve Bank to pay 15 per cent interest on their deposits.

Public Offerings

Canbank Financial Services Ltd (Canfina), Canara Bank's wholly-owned subsidiary, will go public soon with a Rs.160 crore partially convertible debenture issue which will dilute the bank's holding to 40 per cent.

Mahanagar Telephone Nigam Ltd plans to raise Rs.500 crore through 13 per cent seven-year bonds to be issued in December. India's Ma Bell wants the money to set up new exchanges, upgrade the existing ones and buy new equipment. About Rs.200 crore will be spent on Delhi and Bombay. MTNL's other money-raking scheme — metering calls in three-minute cycles — has been sharply criticised by consumers.

An offshore fund is in the offing from the **Life Insurance Corporation** in which the UK is expected to invest 50 million pounds.



The Hyderabad-based Sanghi group, whose first public issue earlier this year was oversubscribed, is planning to issue **teak bonds** of Rs.1,000 each. Buyers will become owners of a teak tree which in twenty years will fetch, so the claim goes, Rs.50,000. Sceptics say that's as tall a claim as saying that money can grow o trees.

Calico Mills is up for sale. T Gujarat government is scouting around for a suitable NRI partner/buyer.

Deadlines

The civil aviation ministry has until **15 August** to decide whether to buy the four 747-400s for Air India from Boeing. Meanwhile, post-devaluation, the aircraft cost has risen from Rs.1,300 crore to Rs.1,900 crore.

The use of expeller mustard oil in vanaspati has been **banned** from 1 August.

Flickering picture

Grasim Electronics has dumped its Rs.225 crore glass shell project for TV picture tubes. The company said it was discouraged by sluggish markets, both local and overseas.

Webel Video Devices, a state-owned unit in West Bengal, has bagged a $1 million order for supplying black and white picture tubes and TV kits to Bangladesh.

After coughing up half a million dollars in 1989 to Landor Associates for designing its new sun logo, **Air India** may be going back to its old image. Civil aviation minister Madhavrao Scindia prefers the previous centaur symbol.

Chartbusters

The **BSE Sensitivity Index** began its dizzying rise within hours of the industrial policy being announced. From the pre-budget peak of 1,467 it shot up to a post-budget high of 1,488; crossing eventually a few days later, last October's

Fortune 500 rankings

	1989	1990
Indian Oil	106	144
ONGC	278	278
SAIL	308	332
Hindustan Petroleum	352	371
Coal India	427	428
BPCL	451	474

all-time high of 1602. The biggest gainers on the stockmarkets were cement and fertilisers, notably ACC, Gujarat Ambuja Cement, GNFC and GSFC.

Six Indian companies — all public sector — figure in the **Fortune 500** list of the world's largest industrial corporations. While they had made it to the prestigious list last year too, all except ONGC have slipped in their rankings.

State Bank of India, the country's largest commercial bank, reported **record profits** of Rs.107 crore for 1990-91 while its deposits almost touched Rs.50,000 crore.

Say cheese

Overworked conductors in Bombay's red public buses should be smiling more politely and more often. General managers of the **Bombay Electric Supply & Transport Undertaking (BEST)**, while trying to improve overall discipline, have been showing them how to — smile, that is.

Goa will soon get back the **gold** that the Portuguese took away after liberation. Of course, this will go to individuals and not to the gold reserves. India and Portugal have agreed on other matters too such as bilateral trade and joint ventures.

Sour taste

While sugar politics dominates Maharashtra and sugar barons hog the headlines, few people know that twentyeight **sugar co-operatives** in Maharashtra have gone sick, accumulating Rs.10 crore in losses. The state's total sugar production this season is slightly higher at 4.1 million tonnes than last year's 3.9 million tonnes.

While tomato prices in Bombay touched a high of Rs. 32 per kg, **Pepsi Foods** processed over 22,000 tonnes of tomato into 2,500 tonnes of tomato paste since May. The cash-strapped company got Rs.35 crore from its American parent as advance payment for exports. The government has launched an inquiry against the beleaguered company.

The excise hike in the budget will make **soaps costlier** by 11 per cent says the Indian Soaps and Toiletries Manufacturers' Association (ISTMA). However, since detergents made by the Khadi & Village Industries Commission have been exempted, their prices will remain the same. ISTMA says that's unfair.

Smoke signals

Tobacco ads may soon be banned. This was stated by health and family welfare minister M.L. Fotedar while inaugurating a two-day national conference on **"Tobacco or Health"**, organised in New Delhi by the World Health Organisation.

Meanwhile in Madras, cigarette giant **ITC Ltd** set up fair price stalls to pre-empt retailers from overcharging smokers during budget time.

Private cars and commercial vehicles may be banned from Calcutta's streets on one day every week, said state transport minister Shyamal Chakraborty.

The restrictions, aimed at **reducing congestion**, will be first imposed on Ambassadors and then on other less obese makes.

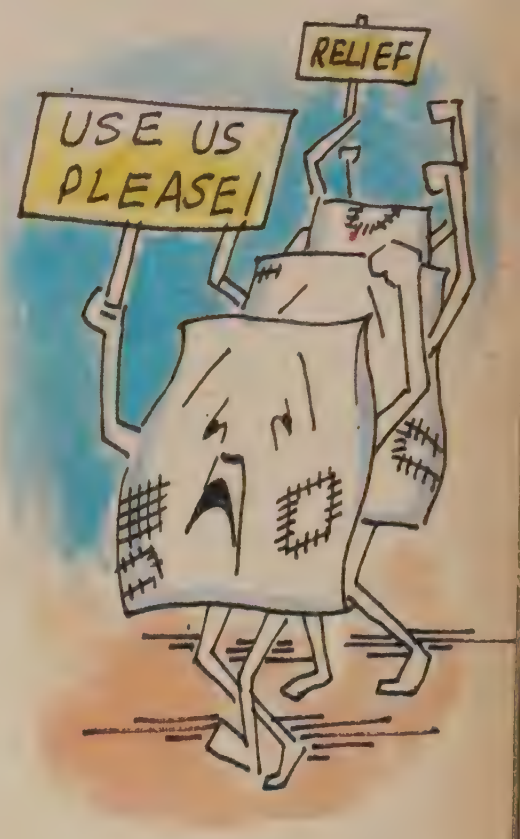
Protests

Trade union leaders have bitterly opposed the proposal of referring sick public-sector units to the BIFR as is done



with ailing private companies. Haribhau Naik, vice president of INTUC, Maharashtra feels that under the BIFR, workers face **a greater risk** of losing their jobs.

On 19 July, **nationalisation day**, bank employees demonstrated outside the Reserve Bank's headquarters in Bombay. They were protesting against the move to privatise public-sector banks, which they felt would cause large-scale retrenchments and closures.



The Indian Jute Mills Federation (IJMF) has alleged that cement manufacturers are **not abiding** by the 1986 government order to use jute for 20 per cent of their packaging requirements. As an incentive, IJMF suggests that the cement industry be compensated for the higher cost of using jute.

Trade tidings

For the first time, the balance of trade with **Germany** has turned in India's favour. In the first quarter of this year, imports from Germany declined by 18 per cent to yield a Rs. 2.25 billion surplus against a deficit last year of Rs.1.4 billion. Leather, garments and engineering goods were the chief contributors.

By handling 38 million tonnes of cargo in the first quarter, the country's **major ports** overshot their targets by almost a million tonnes. Amongst the star performers were the Jawaharlal Nehru Port, Madras and Tuticorin. Calcutta, Cochin and Bombay Port were the laggards.



Comebacks

Indian industrialists who quake at the thought of **hostile takeovers** can rest easy. The government, says finance minister Manmohan Singh, won't encourage such a "destabilising" trend.

The **Japanese** are looking at newly liberalised India with renewed interest. They are prepared to invest upto $2 billion if the government allows them to set up townships with Japanese-style schools, golf courses, restaurants *et al.*

With the return of the 51 per cent limit, **Coke**'s comeback is imminent. The multinational, along with NRI tycoon Rajan Pillai's Britannia Industries has been planning its re-entry for a while.

Cutbacks

A *Business Standard* report alleged that changes in **US immigration policy** would adversely affect Indian software exporters. The US is likely to withdraw the B1 visa issued to high-level consultants and businessmen. They would have to apply for the H1 visa, meant for low-end workers, which takes over two months to be processed. The delay will be damaging, they fear.

Government officers travelling on work will no longer be allowed first class air travel and nor can they book hotel suites. Henceforth, they will have to make do with single rooms.

In response to their long-standing plea, development **financial institutions** have been given freedom to set their own interest rates by the government. Riskier loans w carry a higher interest — probably 19 per cent.

Cars, which continue to remain in the licensed category, are now **costlier**. Maruti Udyog announced price increases upto 25 per ce on its various models. Other price lists should be out soon

Controversy

Union labour minister **K. Ramamurthy** has resigned from the council of ministers protest against the referral to the Supreme Court of the dispute between Karnataka and Tamil Nadu on the sharing of Cauvery water.

The controversy over the Central government's decisior which Tamil Nadu chief minister Jayalalitha has described as eyewash aimed at evading a solution, rocked both houses of Parliament.

LANDMARKS

Awarded, G.P. Talwar, founding director of the National Institute of Immunology, the Order of the Legion of Honour, France's highest civilian award. Talwar, who took his doctorate from the prestigious Pasteur Institute in Paris has over 200 original papers published to his credit. His many contributions to immunology include an anti-leprosy vaccine currently on trial in Delhi.

Awarded, the best Industrial and Commercial Profile Trophy by EDICOIN (Publicationes de Commercio Internacional S.A.), a Madrid-based organisation, to the Anthropological Survey of India for its excellence in the field of research and publication. This is the first time that an Indian institution has earned international recognition.

Awarded, to K.V. Subanna, Indian dramatist, the Ramon Magsaysay award for journalism, literature and creative communication arts. Subanna was cited for enriching the cultural life of the people of Heggodu town in Karnataka. He brought fresh ideas to *Ninasam*, a theatre group founded by his father. The Magsaysay foundation said that he also crafted traditional Indian myths and tales into new plays that probe modern issues.

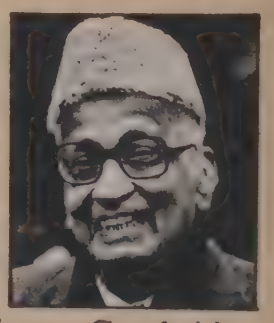
Appointed, N. Narasimhan, as secretary, Research and Analysis Wing (RAW). Narasimhan, currently the seniormost officer of the Research and Analysis Service (RAS), was earlier associated with the Intelligence Bureau, and has stints in Washington and Moscow to his credit.

Donated, by Congress member Ratnakar Pandey, his gold ring to finance minister Manmohan Singh, "to tide over the serious economic crisis". He also added that the situation could be retrieved only if austerity measures were adopted in all walks of life.

Recorded, the highest ever auction price for tea grown anywhere at Rs.6,010 for a kilo of Darjeeling tea in Calcutta. Grown by Harrisons Malayalam, the previous highest price was Rs.5,001 per kg.



The tea was bought on behalf of the Japanese tea trader Mitsui Norin Co Ltd. It will be marketed in Japan and Taiwan as an exclusive gift item packed in specially designed bone china containers made in Italy by renowned porcelain manufacturers Richard Ginori.



Died, former Union minister and noted economist, Vijayendra Kasturi Ranga Vardaraja Rao, at 83. Rao received a galaxy of awards and prizes including the Adam Smith prize at Cambridge and the Padma Vibhushan; founded the well known Delhi School of Economics and the Institute of Economic Growth in Delhi and the Institute for Economic and Social Change in Bangalore. He was a friend of John Maynard Keynes and was a member of his famous political economy club.

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S.M. PARANDE

He has been having a hectic time since 15 July. For that was the day on which S.M. Parande, chief general manager, State Bank of India, was appointed provisional liquidator for BCCI. Parande is the man chosen to "take possession and control of the assets, properties and affairs" of the bank. He has been working round the clock to do just that.



While no money has yet been paid to depositors, Parande says, "My recommendations to the court was that we start realising cheques and interbank call loans due to us, which we have started doing." He estimates that it will be at least a month before the depositors can hope to start getting their money back. And it will be another two to three months before matters at BCCI are sorted out.

V. SRINIVASAN

As director of the Bombay-based Intec Systems Pvt Ltd, V. Srinivasan recently announced the launch of an off-shore joint-venture in the US.



with Atre Inc, a computer consultancy company based in New York. The new venture, to be known as Atre/Intec Inc, will develop products for the sophisticated database and Windows software markets in the US, both of which are valued at $ 20 million. "The two companies have an existing working relationship, where Atre Inc. provides the marketing assistance in the US, while Intec handles the execution and technology management," says Srinivasan. "Since the chemistry has worked well, we decided to strengthen it."

HARSHA BHATKAL

Communications is a field with immense growth possibilities



and Harsha Bhatkal, the dynamic young director of Popular Prakashan Pvt Ltd, has found many interesting diversifications. One among them is Value Added News Service (VANS), providing comprehensive information about the business environment, at an annual cost of Rs.15,000. Adds Bhatkal, "It's only a matter of time before VANS will also be available as an on-line database service."

Bhatkal is also planning the release of three audio cassettes of Vijay Tendulkar's two new Marathi short plays, read out by the author himself. "This has never been done before and when Tendulkar himself reads, every nuance of his idea and interpretation will manifest itself," explains Bhatkal.

Another diversification foray of the group will be a television serial in Marathi. The books, of course, there will be. Popular Prakashan, founded by Bhatkal's grandfather six decades ago, is a widely-acclaimed publisher of Marathi literature. In English, social sciences and medicine are its areas of specialisation.

ARVIND DHAM

Amtek Auto Ltd, manufacturers of automotive connecting rod assemblies, is embarking on an ambitious expansion plan with a capital outlay of Rs.2.9 crore. Incorporated in 1988 by Arvind Dham, the company is the sole supplier of rods to Maruti Udyog Ltd and Birla Yamaha Ltd. According to managing director Dham, the present expansion is aimed at consolidating the existing capacities to meet the requirements of LCV manufacturers



who are still importing ro
The company is also plann
backward integration with
Rs.6.5 crore press forgi
project.

SEN MAMMEN PHILIP

The Madras-based M.M. Ru
ber Company Ltd (MMCL
makers of 'MM' Foam ma
tresses, believes in converti
disadvantages into advantage
The company's ill-timed for
into latex gloves in 1989 is bei
converted into a surgical glov
manufacturing unit with an i
vestment of Rs.20 lakh. "T
devaluation has come as a sh
in the arm and will swe
profits," says Sen Mamme
Philip, managing directo



MMCL. The company has en
tered into a buy-back arrange
ment with Acron Catheters
USA, for a 5 year period begin
ning with a supply of one mil
lion pairs per month of surgica
gloves in October 1991. Produc
tion will gradually increase to
million pairs per month.

R.S. AGGARWAL



Small is evidently bountiful. At the end of its first operating year, the Small Industries Development Bank of India(IDBI), earned a net profit of Rs.35 crore. SIDBI's managing director R.S. Aggarwal reports that the outstandings portfolio, of Rs.4,200 crore inherited from the IDBI now stands at Rs.4,900 crore. The paid-up capital too has been increased from Rs.250 crore to Rs.450 crore.

SIDBI has sanctioned assistance worth Rs.2,824 crore last year. It also raised about Rs.860 crore from various sources.

So much for numbers. Now Aggarwal says that while quantum growth is important, the focus will be on simplification. Thus, SIDBI's newly liberalised single window scheme will allow small units to get both term loans and working capital (up to Rs.10 lakh) from the state finance corporations.

S.P. SABAPATHY



Bank of Madura Limited (BML), the largest private-sector bank in Tamil Nadu, has netted Rs.402.55 crore as deposits for 1990-91, recording a growth rate of 15 per cent as against the industry average of 13.7 per cent. The non-resident deposits increased by 31 per cent during the year. The bank came out with a rights issue of Rs.50 lakh which was oversubscribed. Says S.P. Sabapathy, chairman, BML, "We are planning, subject to the approval of the shareholders at our forthcoming AGM, to make a further rights issue of Rs.75 lakh during the current year."

BML proposes to open new branches at 41 centres in the current plan period. "For the current year, we have planned to reach the landmark deposits of Rs.500 crore," says Sabapathy.

HERMANN SCHNABEL

Hermann Schnabel believes in functioning on a grand scale.



He heads one of the largest chemicals and pharmaceuticals trading house in the world — the Hamburg-based Helm AG. Its annual turnover is DM 5.5 billion, with its Indian subsidiary, Helm India contributing DM 160 million. Schnabel is a connoisseur too, owning the fifth largest private collection of paintings in Germany.

Schnabel, who was visiting India to meet associates in the chemicals and pharmaceuticals business, also lectures on international management. To improve management efficiency in India, Schnabel advises that "Young people should be sent abroad to learn practically how other countries are improving their business practices."

L. OBYO-NELSON



"India should be able to offer us a lot. We hope that visits like this one will stimulate Indian interests in Nigeria," said L. Obyo-Nelson, assistant director, Raw Material Development and Research Council, Nigeria. He was recently in India leading a 15-member high level business delegation. The objective of the mission was to promote two-way trade, transfer of technology and joint-ventures in Nigeria. Allaying apprehensions about adverse business conditions in Nigeria, he explained: "Things have changed in the last few years. Business conditions have become more attractive in terms of infrastructure available as well as repatriation conditionalities. The government is keen to encourage investment in industry."

DAVID WHITWAM



At age 48, David Whitwam is among the younger chairmen of a large size US corporation — the Rs.11,000-crore Whirlpool, the largest manufacturer of appliances in the world. His visit to Pondicherry last fortnight to inaugurate collaborator TVS Whirlpool's Rs.20-crore washing machine plant was significant because of the timing — around the time when the government announced its plan to raise the FERA limit for MNCs to 51 per cent.

But Whitwam is not interested in raising Whirlpool's 34 per cent stake in the Indian company. "We are happy with our present arrangement and we don't want to interfere in the management. In fact, we don't even feel the need to station someone full time here," he says. But he sees Whirlpool becoming a household name in India in the near future.

PLASTIC CRATES

Profits in adversity

At a time when the plastic processing industry is going through tough times, plastic crate manufacturers appear to be breathing easy. With more and more companies replacing wooden crates with fancy plastic ones, demand is increasing rapidly. The latest to join the bandwagon is Parle Beverages.

Interestingly, it was Pepsi — and not Parle — that initiated the use of plastic crates in the soft drinks market. In keeping with its international norms of environmental friendly products, Pepsi insisted on polymer-processed crates right from the start. Besides, there are other advantages as well.

Made of plastic, these crates are lighter in weight, have a longer shelf life, and can be made to look attractive. Says Paresh V. Parekh, a partner of National Plastics Ltd, the company which supplies crates to both Parle and Pepsi, "Stacks of neat looking crates with company logos printed on them, have been providing virtually 25 per cent of the advertisement."

Yet, neither of these rival companies can take the credit for introducing plastic crates to India. In 1971, a now defunct company called PVD Plasmolds, had brought blow-moulded plastic crates into the country for the first time. Despite the low polymer prices prevalent then, however, sales never really took off, till the milk dairies introduced the concept of milk pouches.

Today, a variety of uses for crates have been identified. Among the many, the engineering and the hotel industry, the fishery and the horticulture departments, are all opting for plastic crates. This has led to an increase in the number of players in the market. "This industry has been generating an income of Rs.35 to Rs.40 crore, for the crate manufacturers. It has a growth potential of nearly 25 per cent, in the coming years," says a senior executive of Blowplast Industries Ltd, the makers of VIP-moulded luggage.

Blowplast is now planning to diversify into manufacturing plastic crates for the industrial segment. "Being the last to enter this field, we are hoping to assure, at least the latest designs and a wider range," says the Blowplast executive quoted earlier.

A total switchover to plastic crates, however, will take more than a while. Since both wood and tin alloys — alternatives to plastic — are still fr available in the country, at a much lo cost, companies are reluctant to rep them with more expensive plastics. instance, even though Parle was fl with funds, it took the company a l time to switch to plastic crates. "We w not sure about the quality of crates av able then, so we didn't want to inves something we might not like," say senior Parle executive.

Hesitant to switch. Beer manufactu too, are hesitant about a complete swi The reason: the high costs involved. ' Rs.190 per plastic crate, wooden cra are five times cheaper," says Vijay M chant, president of All India Plastic M ufacturers Association (AIPMA). plastic crates cannot be made a cheaper since it is in an industry whic highly dependent on imports. Besides expense, after the recent import curbs, supply of polymers too has been incon stent. "Added to this, is the high cost plastic moulds," says Vaman V. Pare chairman of Neelkamal Plastics Ltd.

Despite all this, the manufacturers' thusiasm remains unabated. "We w anyway importing 75 per cent of our quirements. Still, today we manufact about 5,000 trays a day and and sell th all," says Paresh Parekh of Natio Plastics.

Other manufacturers argue that ev though the initial cost of replaceme may be high, in the long run it makes ec nomical sense. "While wooden crates not survive more than 10 to 12 trips, pl tic ones literally last forever," clai Parekh. Thus, despite the hurdles, plas crate manufacturers seem to be here stay — and make money.

■ SHAMPA K

Harsh Man Rai



The Parekh brothers of National Plastics: overcoming hurdles

PETROLEUM CONSORTIUM

Steady progress

Since its inception five years ago, Pet leum India International (PII) — consortium of nine Indian public-sect petroleum and petrochemicals co panies set up to render technical, mana erial and human resources to forei clients — has kept a low profile. Th even though it has steadily made inroa

PII's projects

Year	Client	Job profile	Number
1986-87	Port Dickson Refinery, Malaysia	Engineer	1
1987-88	Jeddah Oil Refinery Company, Saudi Arabia	Engineers	2
	Kellog Plant Services, Kuwait	Engineers/Technicians	45
1988-89	Marbco Trading & Technical Services, Abu Dhabi, UAE	Technicians	4
	Kellog Plant Services, Kuwait	Engineers/Technicians	35
	Kuwait National Petroleum Company, Kuwait	Engineers/Operating personnel	28
1989-90	Technic-Esia-Alkhaleej Joint Venture, France/ Saudi Arabia	Engineers	3
	Kuwait National Petroleum Company, Kuwait	Engineers/Operating personnel	38
	Nigerian National Petroleum Corporation, Nigeria	Engineers/Operating personnel	84
1990-91	Nigerian National Petroleum Corporation, Nigeria	Engineers/Operating personnel	65
	Kuwait National Petroleum Company, Kuwait	Engineers/Operating personnel	8
1991-92 (Existing)	Nigerian National Petroleum Corporation, Nigeria	Engineers/Operating personnel	54
	Petromoc, Mozambique	Engineers/Marketing specialists	7
(Proposed)	NNPC-WARRI, Nigeria	Engineers/Operating personnel	34
	National Oil Distribution company, Doha Qatar	Engineers/Operating personnel	10

into the international market and has been able to participate in several foreign ventures. Last year, its billings amounted to Rs.10 crore.

Tailor-made packages. PII offers expertise for complete systems solutions to petroleum refining, marketing, transportation, manpower and general management needs. Expertise is available as tailor-made packages in the form of trained Indian personnel or through extensive training programmes for the foreign companies at their plants or at the Indian refineries and installations. It has access to personnel from 13 petroleum refineries, three lube refineries, 10 lube oil-blending plants and various other petroleum and petrochemical-based industries.

"There is still a long way to go," concedes S.K. Awasthi, the newly-appointed executive chairman of PII. "In terms of both technical expertise and research and development, India lags way behind international requirements. Therefore it's a question of hard sell. We have to stress the fact that we provide cheap labour and seek tie-ups or sub-contracts with American and European companies."

Awasthi expects to triple PII's business in the next three years. With the ready availability of manpower (45,000 key personnel on file), the consortium has bagged prestigious assignments like the one with the Nigerian National Petroleum Corporation, where, 203 Indian engineers and operating personnel have been working for the past three years with four foreign specialists.

According to Awasthi, there is considerable idle manpower existing in the petroleum companies. PII is, therefore, ideal for utilising this idle manpower, giving these personnel a chance to work in foreign environments (more sophisticated) and earning foreign exchange.

In 1989-90, PII had sent 128 personnel to the UAE, Saudi Arabia, Kuwait and Nigeria (*see table*). But in 1990-91, only 90 personnel could be sent — mainly to African destinations — due to the Gulf crisis. For the current year, there are plans to send about 180 personnel abroad on assignment.

■ DEVENDRA TAK

HANDLOOM EXPORTS

Devaluation blues

Handloom exporters had barely finished congratulating themselves for having ended 1990-91 with an export of nearly Rs.850 crore when they had to wake up to the realities of the new trade policy. Consequently they are among the first to make their protests. The withdrawal of cash compensatory support (CCS) will hit them particularly hard.

According to Govindan Nair, secretary, Handloom Export Promotion Council (HEPC), the main problem with handloom exports is that the bulk of the orders are booked in Indian rupees. A lot of these exports consists of items like *lungies* and real *madra* handkerchiefs, which go to Malaysia, Singapore, the Gulf countries and Africa.

Withdrawal of CCS has come as a big blow. A lot of handloom exporters work on very small margins and sometimes they enter into contracts below cost, as CCS provides them with the minimum margin required for survival. The margins are very low in handlooms as the productivity is low. A handloom weaver, despite of putting in a whole day's work, can produce only five or six metres of cloth. And he has to compete with the powerloom which can turn out 50 to 60 metres a day.

Tougher negotiations. Even those exporters who booked orders in negotiable currency are beginning to feel the brunt of devaluation. Foreign importers are already demanding that the contracts be renegotiated taking into account the depreciation of the rupee. C.A. Maria Joseph, president, Madurai Handloom Export Association, admits the time has come to get into contracts only in convertible currency. And tougher negotiations will be required.

The chairman of HEPC, M.P. Radhakrishnan, has requested the government to extend the CCS facility to the han-

Handloom weaver: low productivity



Harsh Man Rai

dloom sector until December this year. Or at least extend CCS at the existing rate to the orders booked before the announcement of the new policy.

Underscoring the general feeling of gloom many exporters feel that out of this situation some order might finally emerge in the handloom export trade. Says an old-time exporter, "There has been quick money in exports. The last few years have seen the emergence of a whole lot of fly-by-night operators who send one consignment and indulge in price cutting." These people will not be able to operate any more, he adds. Handloom exporters will now have to learn to select the right kind of products, the right kind of fabric and go in for diversification.

■ SUSHILA RAVINDRANATH

MANAGEMENT TRAINING

German twist

In Germany, a well accepted management tenet is that the manager must have experience in the detailed shopfloor skills of the job. What he learns through practice is never forgotten. And only then does he qualify to manage his department and guide his subordinates.

To ensure this level of capability, especially at the middle management level, for decades, most German companies have been supporting a dual system of education for young entrants into industry. This dual system, which combines theory with practical training, and applies to both the technical and commercial fields, has become an industry norm. The government and the local chambers of commerce are also staunch allies in this cause.

Strong initiative. Recently, the Indo-German companies in India strongly felt the need to induct people trained in this system. Consequently, a number of these companies, in conjunction with the 4,500-member strong Indo-German Chamber of Commerce (IGCC), have taken a major initiative to replicate here the dual system by starting the Indo-German Training Programme (IGTP). "Companies felt that a gap existed in the middle management level as other personnel were either underqualified or were MBA managers," explains G. Krueger, executive director of the IGCC.

The companies involved in the programme include Siemens, Bayer, Boehringer Manneheim, Hoechst, MICO and KSB Pumps as well as one outsider

Pankaj Desai



Krueger: advantages of similar type of training for affiliates

— Tata Electric, which is a member of the IGCC. "Many of these companies," says M. Dayal, who has been deputed from Siemens as the IGTP's project leader, "used to send their personnel to Germany for this kind of training; and that was expensive. Now it's available here."

First mooted a couple of years ago, the prime movers of this programme have been Siemens and Bayer. And under the programme, beginning in October this year, 22 fresh BCom graduates, after passing a written exam, will be sponsored by the seven participating companies to undergo theoretical and practical commercial training. The five basic subjects taught during the two-year, full-time programme, concluding with a diploma in business administration, will be materials management, production, marketing and sales, costing, accounting, finance, personnel, commercial law, computer application skills and the German language.

The theory, taught in a 6 to 8 week module, will be immediately followed by 10 to 12 weeks of on-the-job training directly related to the theory, in the relevant departments of the seven participating companies. A teacher has also been flown down from Germany to supervise the training. "This programme," explains Dayal, "is a combination of the in-house training given by companies and the primarily theoretical orientation of MBAs."

How will the companies benefit? "A business becomes more international says Krueger, "it's advantageous f both the parent and affiliate company have people who have undergone a sim lar type of training. It leads to closer i teraction." According to T. Racko Siemens' executive director, the hands-c commercial skills acquired by this ne middle-level cadre, will raise the overa management standards within a com pany. "Being better trained, they wi have a more practical approach to sol ing problems and will contribute po itively to the decision-making processes

During the programme, the trainee will be paid a stipend of Rs.1,900 p month, and the sponsoring company w be spending approximately Rs.50,000 p trainee per annum. Siemens is sponsorin eight trainees; Bayer four; MICO thre KSB, Hoechst and Boehringer two eac and Tata Electric one. But these com panies are not obliged to recruit thes trainees. And even if they do, it would no be at the managerial level, but in a senio staff position.

All set to demonstrate, by example, th efficacy and advantages of the dual sys tem of training, Krueger is confident tha soon more companies will be eager t participate in the programme. No doub its progress will be followed closely.

■ INDIRA KHANN

FOOD CORPORATION

Gloomy scenario

A good harvest and still no cheer, at least for the Food Corporation of India (FCI), the government's primary foodgrain trading arm. The year 1990-91 produced a third successive good rabi and wheat harvest but procurement from the surplus areas of Punjab, Haryana and western Uttar Pradesh has been depressed. Though the estimated produce is 54 million tonnes this year, wheat procured is only 7.74 million tonnes against 11 million tonnes last year, from a production of 50 million tonnes.

Even the year before last when the produce was 54 million tonnes, procurement was upto 9 million tonnes. Market watchers attribute the poor procurement to the depressed arrivals contrary to expectations — in the notified markets of both Punjab and Haryana.

Says Neel Kanth, executive commercial director, FCI, "The wheat brought to the market itself was much less than last year. The marketable surplus this year is 8.7 million tonnes compared to the previous year's 12.5 million tonnes."

Stocks withheld. Part of the reason for the depressed arrivals in the market is due to farmers withholding stocks in anticipation of higher procurement prices in the post election period (the marketing season for wheat is March to May). This followed last year's sudden sharp hike in procurement prices as per instructions from former agriculture minister Devi Lal. From Rs.187 per quintal in 1989, prices rose to Rs.215 for the marketing season 1990 and to Rs.225 in 1991.

Not only this but even during the lean season, the price of wheat went up by 30 per cent. Complains a grain merchant, "The wrong policies adopted by the government were responsible for this price hike." Wheat sold at Rs.330 per quintal last year. According to a FCI official, this had led to private traders stocking up wheat in the hope that prices this year will follow the same trend as last year. Anticipating a price hike, the traders have bought more wheat this year. Though Bhani Ram Gupta, a grain merchant and ex-president of the All India Traders Association refutes it. Says he, "The traders bought the usual 4 to 5 per cent of the marketable surplus this year." Says Kanth, "This year the prices may not increase that much during the lean season. For the simple reason that the farmers will have to release their extra stocks."

According to P.K. Vasudeva, manager, procurement, FCI, another reason behind the less procurement were the elections. Unfortunately, 20, 24 and 26 May were the dates set for elections which clashed with the marketing season. Not only were the farmers busy with political activity but there was also a scarcity of transport, used instead for electioneering. This resulted in the low market arrivals.

Moreover, when the government is trumpeting about increasing exports, depressed procurement is perhaps going to create problems. If the present attitude of farmers continues, even next year's target of 1 million tonnes of wheat export seems a little far-fetched. Though Kanth says that lesser procurement will not be a problem as the overall food situation is quite comfortable with buffer stocks of food grains (wheat and rice) totalling more than 21 million tonnes. FCI officials claim that 400,000 tonnes of wheat have already been shipped.

But what FCI has not foreseen are the added problems. Since the last one month, contracted labourers in both Punjab and Haryana are on strike. This has brought to a halt the entire loading and unloading of foodgrains. Complains a railway ministry official, "Since the last seven days, no one has bothered to collect the wheat from the railway rakes." Usually FCI is given preference over private traders. But the strike has resulted in loaded rakes lying around stopping further transport." The railway ministry has therefore declined rakes to the FCI.

If this continues, the FCI has difficult times ahead.

■ REENA PATNAIK RAO



Deepak Tolani

Food stocks: much lower marketable surplus this year

INDO-PAK TRADE

Political hurdles

In a series of measures over the last few months, the Nawaz Sharif government has significantly liberalised the trade regime in Pakistan, including abolition of foreign exchange controls.

But what does this mean for Pakistan's neighbour, India? Unfortunately, nothing, at least legally. Though the rest of the world will gain significantly from these moves, Indo-Pak trade may well continue at the existing low levels.

If Indo-Pak Trade will remain unaffected by liberalisation in both the countries it is because trade between the two countries is restricted to commodities. As a trade analyst put it, "It is politics that stands between trade expansion rather than economics."

Unimpressive figures. Trade turnover touched Rs.157.57 crore (India's total turnover 1990-91 — Rs.73,000 crore) in 1990-91, up from Rs.76.41 crore in 1980-81. A 100 per cent change, but not impressive considering the low base and inflation. Moreover, turnover has fluctuated widely, being as low as Rs.28.66 crore in 1984-85. Actual figures may be higher as there is some illegal trade too.

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Harsh Man Rai



Containers for export: balance favours Pakistan

One feature of Indo-Pak trade is the fact that the balance has always been in favour of Pakistan. India's trade deficit was Rs.74.31 crore in 1980-81, which has now declined to Rs.10.89 crore in 1990-91.

Rohini Bhusan, secretary to the Indo-Pak business committee at the PHD Chamber of Commerce and Industry (PHDCCI) feels that India's exports would have been much higher if Pakistan's private sector were allowed to import freely from India. The list of permissible items which was only 42 till April 1988 was increased to 249 in that month and further to 571 items in July 1989. As a result, India's exports went up from Rs.36 crore in 1988-89 to Rs.73 crore in 1990-91.

Therein lies the problem. Three powerful lobbies in Pakistan, namely politicians, indigenous producers and bureaucrats, will oppose any liberalisation of India-Pak trade. Restricted trade between the two countries is unfortunate, because the scope for co-operation is immense. Take tea, for instance. At present we account for only 5,000 tonnes out of Pakistan's imports of 90,000 tonnes. Yet Indian tea is cheaper and of better quality than those of Pakistan's chief suppliers, China, Kenya and Argentina. Another possible area of co-operation is cotton. Indian production of cotton tends to fluctuate from year to year and it has been suggested that India could i[illegible] port cotton from Pakistan [illegible] her bad years and vice versa.

Transferring technology. In[illegible] and steel is another possib[illegible] area of co-operation. India h[illegible] one of the largest reserves [illegible] iron ore in the world and yet [illegible] supply only 10 per cent [illegible] Pakistan's imports. India cou[illegible] export iron ore import meta[illegible] lurgical coking coal fro[illegible] Pakistan since that country[illegible] supplies have less ash content[illegible]

Perhaps, the most promisi[illegible] possibilities lie in technolog[illegible] transfer. The technology use[illegible] by SAIL and Tisco is only a fe[illegible] years more advanced than tha[illegible] used at Pak steel. The latter wi[illegible] find it better to use such techno[illegible] logy rather than technolog[illegible] from Japan (which it has foun[illegible] to be too modern for its taste! The same goes for the powe[illegible] sector.

Indeed, India can assis[illegible] Pakistan across the whole gamut fro[illegible] small-scale to large-scale industries Pakistan's capabilities are limited even i[illegible] such elementary items as motors, pumps boosters, hand tools, etc. One indicatio[illegible] of India's technological lead is that w[illegible] have far more collaboration agreement[illegible] across the whole spectrum of industrie[illegible] from consumer durables to labour[illegible] intensive commodities. Another very promising area is that of textile machinery which Indian producers have offered at prices 70 per cent less than European and Japanese producers.

However, the problems are immediately apparent. Both in commodities and technology, India has much more to offer Pakistan than vice versa. Figures compiled by the PHDCCI reveal that while Pakistan has shown interest in importing 135 items from India, we are interested in importing only 35. Pakistan's fears of being swamped by Indian industry thus, are not entirely groundless.

Ultimately, feels W.N. Talwar, chairman of the Indo-Pak business committee at PHDCCI, any improvement in Indo-Pak trade must await a solution at the political level. He points out that in November 1988, an Indian delegation was supposed to go to Karachi. However, the trip was cancelled at the last moment due to difficulties on the Pakistan side. "Nothing has happened since then."

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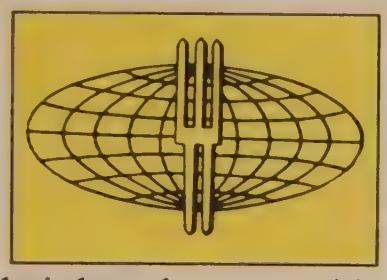
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KELVINATOR

Defrosting the coolest one

The stalemate between the management and the workers of Kelvinator of India Ltd's factory in Faridabad, Haryana has finally been resolved. The management lifted the lockout on 16 July 1991 after declaring it two months ago on 21 May.

This was the first major labour trouble at Kelvinator since 1975 (see *Business India,* 4 September 1990). The company has always had an internal union with little interference from professional trade union outfits.



According to G.C. Narang, chief executive, works, of the company, the trouble started mainly thanks to the ambitions of a single worker of the company, Suresh. In 1988 he had tried to take over the leadership of the internal union, Kelvinator Employees Union, with the help of Lok Mazdoor Sangh (LMS) and tried to organise a strike. In response the management sacked him. However, his hold on the workers remained and in the 1989 elections he supported the panel led by Harbhan Singh and Sudhir Babu which eventually got elected.

Lockout! Suresh got himself reinstated with the union's help. But his ambition to run the union remained and he turned hostile to the union over the wage pact. In the beginning of the year some workers got themselves affiliated to the Hind Mazdoor Sabha (HMS) which controls the unions of the two most prestigious companies in Faridabad — Escorts and Thomson Press — besides several others. Towards the end of March, the HMS affiliated group led by Suresh started mobilising workers causing the management to suspend five workers in two days. That set off a series of defiance and suspensions. Frequent tool down and go slows followed. Till 18 May, over 100 workers were suspended on charges of indiscipline. And on the night of 18 May, the HMS camp resorted to damaging machines and components. The management decided to down the shutters two days later.

As the factory stayed closed for over a month and HMS could do nothing to make the management yield, most of the workers gave in and wanted the lockout to be lifted. The management demanded an apology from the errant workers and an assurance of no more disturbances. Finally the union and the management signed an agreement for lifting the lockout. The union conceded that no wages need be paid for the period of the lockout as no work was done and that the management would be at liberty to pursue charges against the workers who had actively participated in the HMS-led movement.

Logically the company should have lost out on sales but it was hardly affected. Despite the closure of the factory for those two months, Kelvinator managed to retain its slot at the top. At the time of declaring lockout, the company had a stock of about 60,000 ready refrigerators with it and plenty of stocks already with the dealers.

Narang says that the company didn't use the excuse of labour unrest to cut its operational costs. He contends that in the past too the company has had several marketing problems and it has resorted to production cuts through plant closures. But never through a lockout. "Earlier we managed by adjusting the time of leave of the workers. And if only cutting production and costs was the aim we could have done the same this year too," says he.

■ FEROZ AHMED

OSWAL AGRO

Elusive factory permit

Oswal Agro Mills Ltd's petrochemical complex in suburban Bombay is now beleaguered by a controversy it should have sorted out at the very beginning. The pending factory permit — FF 10 —that the management was unable to secure in November 1988 (due to environmental irregularities) when it took over the plant from Union Carbide is still proving elusive (see *Business India*, 18 September 1989).



The 42nd metropolitan magistrate's court at Dadar in central Bombay fined the Oswal Petrochemicals security manager Rs.2,000 earlier this month for running the plant without a permit from 1 April 1990, despite an objection by municipal officials. The court has summoned Oswal for a 14 August hearing.

There are 69 pre-conditions which have allegedly not been met by Oswal. These include pollution control, arrangement for treatment of effluents and compliance with the recommendations and deficiencies pointed out by the Garg Committee and Second Environment Safety Committee during their visits to the refinery area in 1988. The Oswal management countered that they have met these stipulations and are now eligible for a factory permit.

No reprieve. But if Oswal does not go in for an integrated effluent and pollution treatment programme it seems unlikely that the state government, and even sitting MP Gurudas Kamat from the Bombay North East constituency who made environment a big issue in his election campaign, will let Oswal off.

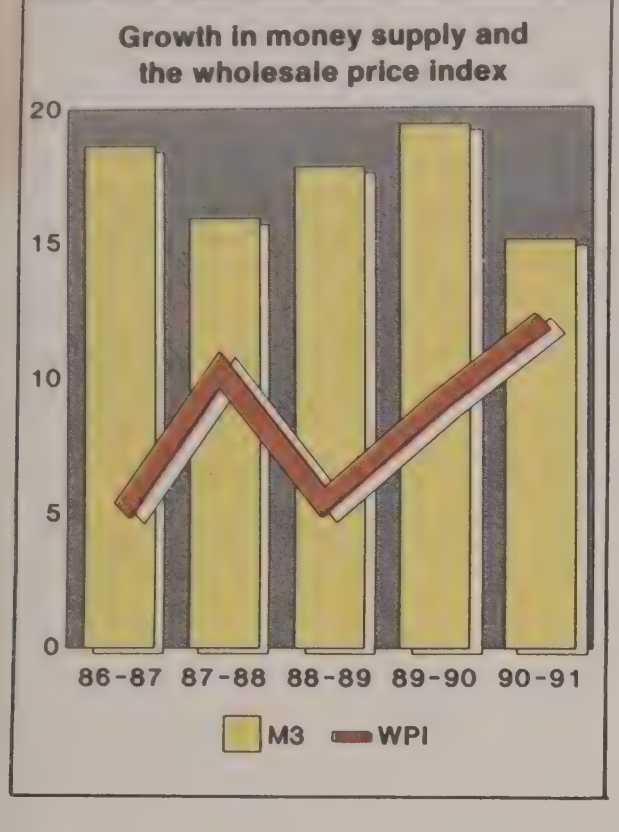
Even while the factory permit remains pending, the Chembur plant in north-east Bombay is running at full steam. The reputation of the finished products has however not charmed the traders, who complain that "reprocessed LDPE is being sold as finished LDPE". Dealers also remain discontented at the company's billing practices, particularly with LDPE, which is known to attract a huge premium in the market. However, benzene and butanol products from Oswal Petrochemicals sell at a discount because they are perceived to be inferior.

Oswal Petrochemicals has seen the exit of seven senior marketing personnel in the past six months, who claim that the marketing *modus operandi* had evoked harsh reactions from dealers. While the plant appears to be running at near full capacity, its future is clouded. In spite of the many apparent problems with the plant, Oswal has been able to run it with aplomb, without paying much heed to the uproar created by his critics and detractors.

Much depends on Oswal's ability to meet the environmental and other requirements of the BMC as quickly as possible. The other deciding factor is the seriousness with which the government takes environmental considerations.

■ DEVENDRA TAK

Holding the price line



The feeling that finally the country is on the right track to economic recovery is rea enough for euphoria. The government, up to now, has given out positive signals indicate fewer controls, more liberalisation and market orientation. But reductio subsidies, rupee devaluation, and certain budget proposals will put pressure on pri Managing inflation, which has been galloping since last year, will be one of the grea challenges in the short and medium-term.

On a point-to-point basis, during the fiscal year 1990-91, the rate of inflation — measured by the wholesale price index — was up 12.2 per cent. The consumer p index in 1990-91 was up 13.6 per cent for industrial workers and 13.4 per cent for n manual workers.

Steep hike in prices

The disturbing aspect of the price rise is that primary articles and the fuel and po group showed substantial rises of 18 and 17 per cent respectively. In primary artic the wholesale prices of food articles were up 19.7 per cent, of which foodgrains creased by a whopping 24 per cent.

The wholesale prices of fuel and power items were up 17 per cent in 1990-91. T had a cascading effect on the price of other commodities as well.

On the other hand, prices of manufactured products in 1990-91 were up only 8.2 cent. Edible oils and food products witnessed price hikes of 30 per cent. Since about per cent of total expenditure of an average family is on food and food products, increase in prices has been disconcerting to many.

Money supply as measured by M3 or broad money was up 19.3 per cent in 1989-9 However, in 1990-91, the increase has been more modest at 15.3 per cent, largely b cause, in percentage terms, the net bank credit to government in 1990-91 was m ginally lower at 18 per cent as against 20.9 per cent in the previous year.

In recent years, growth in reserve money has led to monetary expansion; and t main factor has been net RBI credit to government. In 1989-90, this accounted for 9 per cent of the expansion in reserve money compared with 73.2 per cent in 1988-89. 1989-90, reserve money was up 23.2 per cent as against 17.7 per cent in the previo year. This was caused by a sharp increase of 23.6 per cent in net reserve bank credit the government. However, a curb on the growth of net RBI credit to the government 1990-91 (up by 17.6 per cent) restricted the growth in reserve money to 6 per cent.

Containing demand

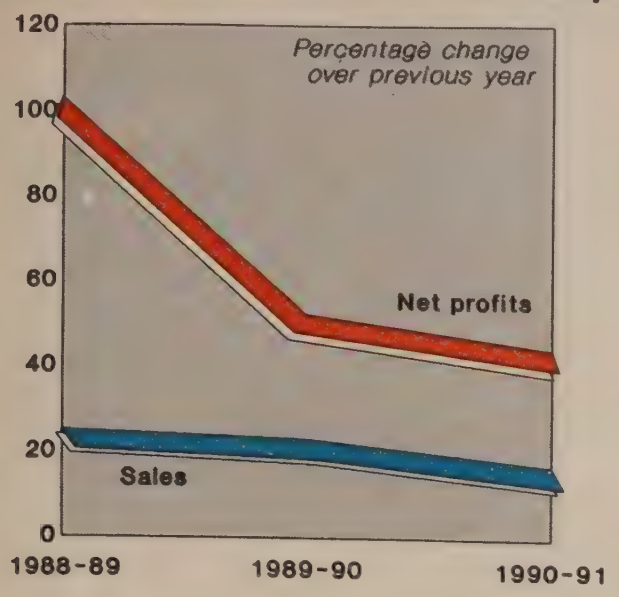
Other measures taken by RBI to contain demand pressure were the restrictions credit. The ratio of net incremental non-food credit to deposit was pegged at 45 p cent. The floor lending rate of interest changeable by scheduled commercial banks w raised from 16 to 17 per cent and by one per cent over the rates already being charg on existing credit by banks. Also, for all bank borrowers with aggregate credit limits Rs.1 crore and more, the effective credit limits under the cash credit facility were seal for the period 9 May to 30 September 1991. The incremental cash reserve ratio w reintroduced.

Many of these measures should have a dampening effect on prices. But moneta expansion essentially is a function of net RBI credit to the government, the princip source of reserve money growth. Since budget deficit is the main component of net RB credit to Central government, deceleration in monetary expansion will depend on th reduction of the budgetary deficit.

Though in recent months (April to June) there has been some deceleration in price inflation still remains a two-digit value. It is highly unlikely that during the fiscal ye 1991-92 there will be a sharp fall in prices. But a good monsoon and strict ant hoarding measures against traders could curb inflationary pressures in the short ru Measures taken in curbing money supply, credit and reducing the fiscal deficit woul have a more lasting effect over the medium term.

■ ASPI CONTRACTO

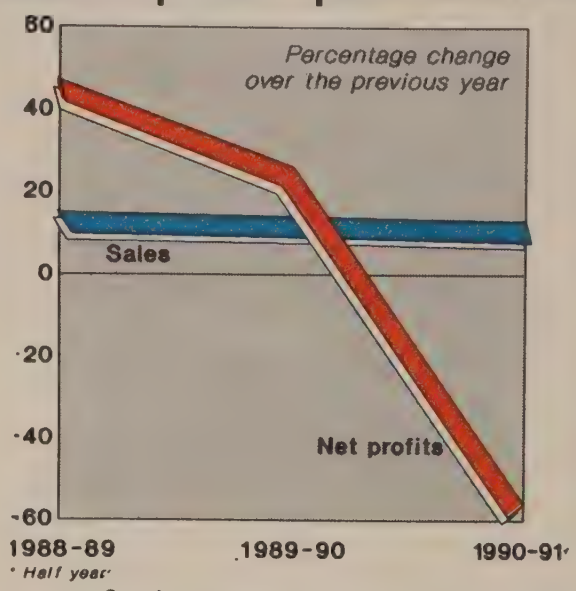
Sales and profits — private sector companies



There has been a declining trend in both sales and net profits of private sector companies. Gross fixed asset of 1,080 companies analysed totalled Rs.5,942 crore in 1989-90. Margins are likely to be further squeezed in 1991-92.

Source: CMIE

Sales and profits — public sector units



As in the case of private sector companies, trends of both sales and net profits are on the decline. The net profits of 233 central government enterprises declined sharply to Rs.481 crore, as against Rs.1,103 crore in the previous year. Iron and steel companies, coal and fertiliser companies were the major losers.

Source: CMIE

Wholesale price index: The wholesale price under for all commodities is up by 1.07 per cent for the month under review. Primary articles are up 1.84 per cent, largely due to the sharp increase in the index for pulses and fibres. Manufactured products are up by 0.83 per cent.

(1981-82= 100)

	6 July '91	8 June '90	7 July '91	% change over month	% change over year
All commodities	196.9	194.8	178.8	1.07	10.12
Primary articles	204.7	201.0	182.1	1.84	12.41
Manufactured products	193.9	191.3	179.3	0.83	8.14

Consumer price index: The consumer price index for industrial workers is marginally up by about 1 per cent in May 1991 over the previous month. There has been some decceleration in the consumer price index.

	May '91	April '91	May '90	% change over month	% change over year
Industrial workers (1982=100)	204	202	182	0.99	12.08
Urban non manual workers (1984-85=100)	169*	169	149		13.4

** March*

Bullion prices and stockmarket index: The rupee's devaluation has pushed up the price of gold by nearly 12 per cent and that of silver by 8 per cent, during the month under review. The BSE index is up 26 per cent and is slated to go up further on active bull support.

	26 July '91	28 June '91	28 July '90	% change over month	% change over year
Gold (Bombay)	4,160	3,731	3,260	11.49	27.61
Silver (Bombay)	7,081	6,874	6,843	3.01	4.48
BSE index	1,599.98	1,269.91	792.17	25.99	101.97

(Price of gold is in rupees per 10 gm and silver in rupees per kg)

Industrial production and infrastructure: Industrial production during March 1991 is up 24.4 per cent. However, on a year-on-year basis, the index is up 7.23 per cent. There has been a marginal deceleration in the growth rate of the industrial production index in 1990-91. Production of crude oil has declined steeply by 4.2 per cent in June 1991 over the previous month. Power generation is also down. However, both steel and cement production are up by 2.3 and 2.5 per cent, respectively, in June 1991.

	Latest month	Previous month	Year ago	% change over month	% change over year
Industrial production index	277.1 (3)	222.7	258.4	24.42	7.23
Railway freight (million tonnes)	28.76 (12)	26.75	25.96	7.51	10.58
Crude oil production ('000 tonnes)	2,619 (6)	2,734	2,781	− 4.20	− 5.82
Power generation (million units/day)	714.86 (6)	737.38	705.7	− 3.05	1.29
Coal production ('00,000 tonnes/day)	5.20 (6)	5.12	5.7	1.56	− 0.87
Steel production ('000 tonnes)	730.1 (4)	747.2	636.7	2.28	14.66
Cement production ('000 tonnes)	4,050 (6)	4,155	3,882	2.52	4.32

Figures in brackets indicate month

Money and banking (scheduled commercial banks): There has been a sharp decline in Broad Money (M3) (−0.27 per cent), aggregate deposits (0.13), bank credit (−1.08) and food credit (−5.17) on a month-to-month basis. For the year under review though, the decline was marginal.

(Rs. crore)

	28 June '91	31 May '91	29 June '90	% change over month	% change over year
Broad money (M3)	2,77,716	2,78,483	2,41,505	− 0.27	14.99
Aggregate deposits	1,98,753	1,98,480	1,73,088	0.13	14.82
Bank credit	1,17,552	1,18,840	1,04,011	− 1.08	13.01
Food credit	5,316	5,606	3,917	− 5.17	35.71
Credit/deposit ratio	59.14	59.88	60.09		

Recasting polity



AMIT MITRA

The government of Narasimha Rao has jolted India's intelligentsia into a new level of discourse and debate. He and his courageous colleague Manmohan Singh have forced us to face the reality of a bankrupt economy, a ramshackled infrastructure and a highly sheltered and controlled industry that just cannot face the pressures of globalisation taking place in the world today. The central secretariat of Delhi is now throbbing with activities directed at rolling back the interventionist and *dirigiste* mentality of the government. However, there is also a growing undercurrent of resistance to these reforms from within the Congress(I) — a phenomenon that could gain momentum in the near future fuelled by the short-term negative fall out of these reforms. Such a development could threaten the very prospect of sustaining the current process of liberalisation.

The dissensions within the Congress(I) has already resulted in the reviving of the 'socialist forum' within the party. There is also a growing resentment in the ranks over the straying from the 'sacred path' of building a 'socialistic society' — a path laid down by Jawaharlal Nehru. To address this concern the government took pains to include pages in the industrial policy statement directed not so much at the Indian public, but at its own party cadres. These pages tried to convince the sceptics within the Congress(I) that the reforms were supposedly based on Nehru's own thinking.

Disturbing events

Unfortunately, this cancer of inner-party schism on economic philosophy and economic policy permeates all of our political parties today. One may recall how Chandra Shekhar singlehandedly torpedoed Ajit Singh's industrial policy proposal when Chandra Shekhar was a senior leader of Ajit Singh's own political party, the Janata Dal. It is also evident that Subramaniam Swamy pushed hard to liberalise the economy during the regime of the Janata Dal(S) while his own cabinet colleague Yashwant Sinha tugged hard in the opposite direction. It is even more ironic that on assuming the post of the prime minister, the same Chandra Shekhar who had publicly campaigned against Ajit Singh's attempt to liberalise India's industrial policy, somersaulted and became a liberaliser himself. These disturbing events demonstrate the serious lack of a clear economic policy platform within these national parties.

If you are now wondering whether the disciplined BJP is free of such inner-party differences, you are in for a surprise. There are at least three types of economic thinking within the BJP and these conflicting perspectives are bound to contest each other if BJP gains power at the Centre tomorrow. There are those in BJP like Viren Shah, Jaswant Singh and M.L. Sondhi who have publicly taken a modernising market position and are not fearful of globalising India's economy. Then, there are those like K.R. Malkani who have deep socialistic roots going back to the days of a Marxist commune in Punjab. This group tends to be more worried about market failure and inequality, do not see much good in privatising the public sector, and are suspicious of opening up the economy to foreign investments. And then, there is the growing influence of 'integral humanism' of Deendayal Upadhaya on the younger cadres with RSS backrounds — a force that is led by the quiet but razor-sharp Govindachariya. Clearly, the BJP is just beginning the process of serious debates within their party on economic philosophy and policy and inner-party differences are bound to surface as BJP creeps closer to power.

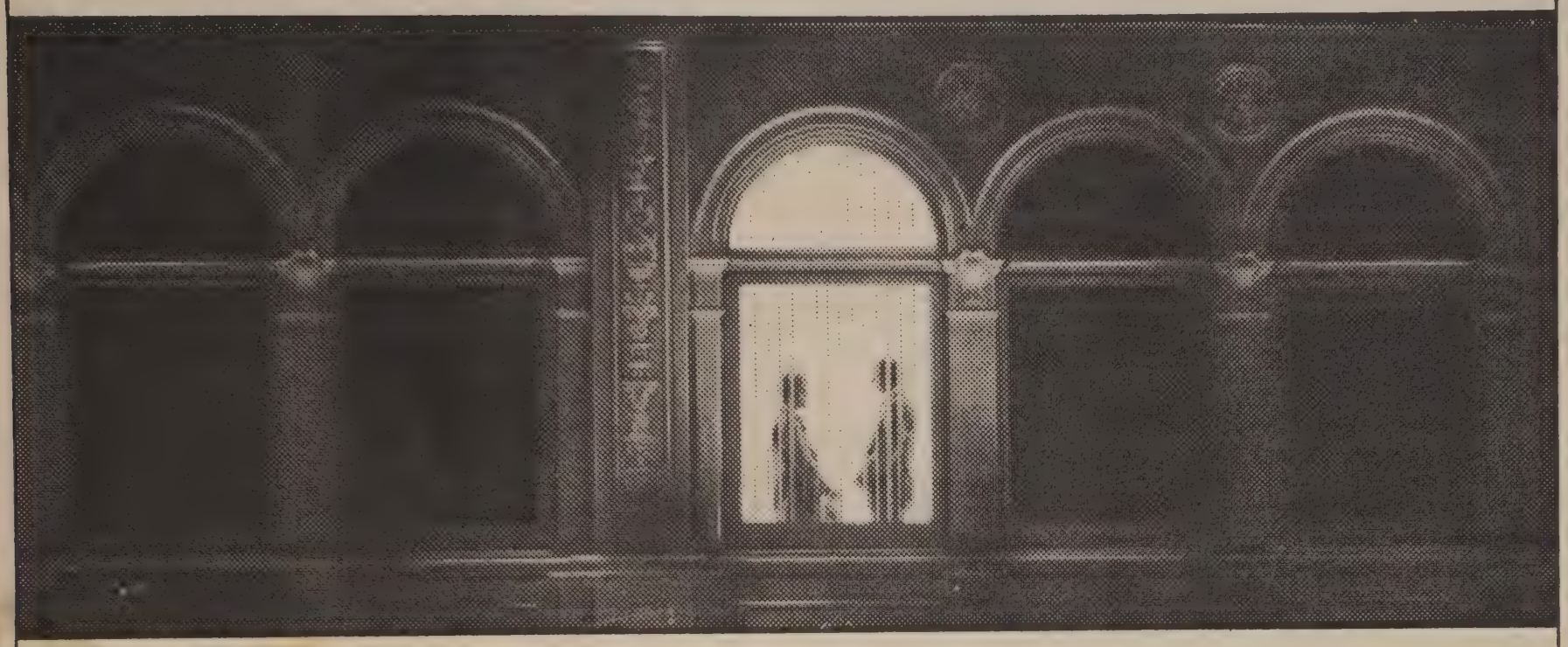
Dangerous chemistry

What are the implications of these contradictions within India's political parties? How could these contradictions interfere with the prospect of liberalising India's economy in a sustained manner over the next five years? The key implication is that when the going gets tough with short-run inflation and some uncertainties in the labour front, the vested interests who have benefited from the licence-control-quota-*raj* for decades will combine with the socialistic faction within the ruling party. This joint front may then collate those within each party who have ideological antipathy to freeing India's economy. This may produce a dangerous chemistry that can revert India back to the now discredited government-controlled (*dirigiste*) model of development.

The solution obviously lies in a re-casting of our political parties in a manner such that all those who have a pro-market position are in one party and all those who continue to have a traditional socialistic perspective are in another. This is the case in all mature democracies of the world. Short of this happening soon in India due to the dominance of egos over ideology among our politicians, the educated voter who wants to see the freeing of India's economy must become an activist now. He or she must pressure the 'doubting Thomases' in each party through democratic means and speak loud and clear to those who are unaware of the net benefits of liberalising our economy. Are we ready for this challenge?

The author is director, policy unit, of Business India *and former director, Centre for Asian Studies, Franklin & Marshal College, US*

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PEOPLE-THE DECISIVE DIFFERENCE

SPEECH OF THE CHAIRMAN, SHRI K.L. CHUGH, AT THE FIFTEENTH ANNUAL GENERAL MEETING OF THE COMPANY ON 3rd JULY, 1991, AT HYDERABAD.



Changes in the policy framework would encourage the Industry to become a capable world player and a significant foreign exchange earner, and as I have often said, a major employer in the Rural Sector.

I am pleased to welcome 2,667 new Shareholders who have become Members of the Company during the last year raising the total number of Shareholders to 14,724.

Last year's results are a continuing tribute to the unrelenting efforts of your Company Employees and I take this opportunity to express, on your behalf and on behalf of the Board of Directors, our appreciation of their efforts. Despite adversities in terms of floods and some temporary personnel issues, **profit after tax increased by 91%, to Rs. 15.47 crores, with earnings per share improving to Rs. 14.64 from Rs. 7.67. Capacity utilisation during the normal working period, at 138%, was an all-time high. Considering the good performance of your Company, your Board has recommended an increased dividend of 37.5% compared to 32.5%** in the previous year. Investors' confidence in your Company is reflected in the high price of your Company's share, which has for the first time crossed the price level of Rs. 150/-.

Coupled with the above facts is the reality that your Company has brought progress, opportunities, and new light and life to a backward area. These verities must give you cause for satisfaction as owners. It makes you investors in progress and enriches the quality of the returns which you earn on your investment.

You will recall that last year I had shared with you that your Company was embarking on a market expansion strategy to ensure profit, growth, and survival. This meant that whilst we would retain our position in traditional strongholds, we would be entering the high-value premium segment of the market. I am pleased to communicate that in furtherance of its competitive strategy, your Company has successfully developed,through Research and Development, high-value products, both for the domestic and the international markets. **You are aware that your Company has been pro-active, and has made timely investments in the last few years, the benefits of which we are now reaping. To further fortify our position in the Industry, we will continue to make substantial investments in modernisation, quality upgradation, balancing equipment, and capacity expansion.** All this would require substantial liquidity. In this perspective, your Board has transferred Rs. 11.5 crores to General Reserve this year, raising the total General Reserve to Rs. 36 crores.

Amongst the most important sources of competitive advantage is superior energy management. The commissioning of the Atmospheric Fluidised Bed Combustion Boiler, with a turbo-generator of matching capacity, completes the total energy project which shields your Corporation from the vagaries of external power supply and arms the Organisation with further competitive edge.

To enable the Industry play its role, both in the national and international perspective, Government Policy must encourage investments not only for modernisation of existing capacities, but also for establishing fresh capacities, ...Towards this, the import of critical capital equipment will need to be encouraged at rates of import duty much lower than the prevailing 85%.

Sharing the national concern on the Balance of Payments position, YOUR COMPANY THROUGH AN AGGRESSIVE AND VIGOROUS EXPORT EFFORT HAS EMERGED AS THE LARGEST EXPORTER OF PAPER IN INDIA. **Our export earnings have increased by 60% compared to the previous year, to over U.S. $ 3.5 million.** The success of our export effort is axiomatic of the fact that the Indian Paper Industry is capable of capturing market niches in the full face of international competition. The present prognosis is that the industry has to gear itself to satisfy a demand of 52 lakh tons by the year 2000. However, in the perspective of the success of our international efforts, we may, indeed, have set our sights too low. Changes in the policy frame work would encourage the Industry to become a capable world player and a significant foreign exchange earner, and as I have often said, a major employer in the Rural Sector.

We cannot, of course, predicate the Industry growth at the cost of the environment or pulp-wood supply from the natural forests. Pulp-wood has to be grown in Captive Plantations and Economy of Scale in mill sizes will have to be built in, with technology that is contemporary, to become competitive and give the consumer, quality products at prices that are internationally competitive. Presently, the Industry is dependent on large imports of raw materials, both pulp and waste paper, consequent to the ban on supply of pulp-wood from natural forests. As a measure of conservation, the Government had placed import of raw materials under open general licence and had also exempted it fully from customs duty. It is unfortunate that customs duty of 40% on waste paper and 10% on pulp has since been imposed making domestic production very expensive. This is likely to become counter-productive and would stifle the domestic industry. The eventual outflow of foreign exchange to import the finished product to bridge the supply/demand hiatus will be higher than the outflow of foreign exchange to import raw materials for use by the Industry in India.

Paper Industry has always been capital intensive. The last few years have, however, witnessed the capital intensity escalate very rapidly from Rs. 10,000 per annual installed to in 1979 when your Company's mill was established, to approximately Rs. 40,000 per annua

Perhaps the single greatest upheaval in the traditional paradigms of business is in the area Information Systems and Organisation Design. Since Information Sytems have increase the span of managerial jobs, it tends to flatten the organisation structure and releases wh layers of people from routine communication, coordination and control jobs. The conventional pyramidal organisation is gradually transforming into an organisation of clus and networks of people who form, dissolve, and re-form, to resolve issues in a turbulent an dynamic environment.

installed ton, today. At this cost, the setting up of a mill of Bhadrachalam's size would invo an outlay of over Rs. 300 crores. To enable the Industry play its role, both in the national a international perspective, Government Policy must encourage investments not only for modernisation of existing capacities, but also for establishing fresh capacities. Towards thi the import of critical capital equipment will need to be encouraged at rates of import duty much lower than the prevailing 85%.

In the National Policy Framework, therefore, if the Government -

(1) facilitated the Industry's investments in scientifically managed plantations;
(2) allowed the import of critical capital equipment at rates of import duty that are much lower than prevalent today, enabling the Indian Engineering Industry to add further va and
(3) in the short term, reduced the customs duty on the import of pulp and waste paper,

the Industry would be able to make meaningful strides towards progress and become a source of strength and prosperity to the national economy. Attention of Government, therefore, must focus on these issues which are, in fact, opportunities for Government and Business to affirm their partnership in the Nation's development.

The fundamental task of your Management is to ensure the prosperity of your Company in perpetuity. Continued environmental scanning reveals opportunities in the Financial Services Industry. These opportunities are matched by complementary skills within your Organisation. Diversification into this Industry would create new income-streams which wil further strengthen your Company. It is considered advisable therefore to enter this busines on a long-term basis through a wholly-owned subsidiary. The investment in this company t start with will not exceed a sum of Rs. 5 crores, with your Company having the controlling interest. To infuse strength into this diversification proposal, it is necessary to integrate certain intangible assets which rightly belong to your organisation. As members, you are aware that Bhadrachalam Paperboards Limited was promoted by ITC Limited. In its embryonic years ITC Limited nurtured Bhadrachalam through its trials and tribulations. Sin Bhadrachalam Paperboards Limited is an integral part of the ITC Group, it is proposed to change the name of your Company to 'ITC Bhadrachalam Paperboards Limited'. The intangible assets of two strong and vibrant names - ITC and Bhadrachalam - will not only further strengthen of your Company, but will also infuse a competitive strength to our new proposed Financial Services Organisation. I look forward to your support for these propos

PEOPLE - THE DECISIVE DIFFERENCE

I now come to today's theme which is dedicated to the people who make things happen. THEY MAKE THE DECISIVE DIFFERENCE. Human Resource is the prime mover of advancement and development. The strides that companies and, indeed, countries make is founded on the ability of leadership to tap the productive genius of a people. However, to develop people appropriately, it is necessary to comprehend the emerg ing scenario and the environment in which they will have to perform

THE CHANGING BUSINESS ENVIRONMENT

Ours is a protected economy and this has impeded accelerated accretion to national wealth. Undue protectionism has created a high-cost, low-quality economy. Resultantly, in a globalising world, our competitiveness is poor. This reality is reflected in our Balance of Payments and Internal Debt position, which has reached crisis proportions

Whilst we ponder over our own realities, a new world economic order is rapidly taking pe. Philosophies and dogmas which held sway for over a century have been dismantled in than one year. Throughout Eastern Eupope the cry is to shift from a command to a ket economy. The business-geography of the world is changing with the emergence of nomic communities ushering in a new kind of citizenship and creating new compulsions, ortunities, and challenges for countries and companies throughout the world. These elopments will seminally affect the way Nations and Corporations strategise to ensure r growth and survival and prove their 'good corporate citizenship'.

To meet the challenge posed by these rapid changes, it may be necessary to question the damental precepts of the model followed by us till now,which places capital at the centre he developmental process. I believe that Capital should now be replaced by People who uld occupy the centre stage. Of the seven basic resources of the manager (Men, chines, Materials, Money, Time, Land and Ideas), it is the human resource that creates ue and achieves the productivity necessary for success. What then must be the framework human resource strategies? What will equip the People of Tomorrow to manage the

he work-force and personnel of the future, will contain numerous specialisms which need interact synergistically. Business leaders must encourage and create the circumstance for m building and productive collaboration between Specialist and General Managers to hieve business results.

rket, products and technologies in the emerging world economic order? Answers to these estions is a Top Management responsibility. Today's Top Management must prepare its ople to face the challenges ahead and thus perpetuate the Organisations they govern.

REATING AN INTERNATIONAL PERSPECTIVE

To create the market-driven companies of the future, we will have to develop an inter-tional perspective in our employees to facilitate the required change. Traditionally our ople have confined their perspectives to within National boundaries. The changing mands make this perspective obsolete.

In the sphere of Marketing,as the future unfolds, perceptions of the customer are changing m a Mass Market in the 50s and 60s to a Segmented Market in the late 70s and 80s, and w into a matrix of niches with a very demanding product and service satisfaction criteria. succeed in a stochastic marketing scenario, we will have to underscore the basic maxim of rketing, that the customer must come first. We must affirm that marketing expenditures are fact investments in creating competitively superior products and services. Marketing ocesses must not be limited to the marketing function but should include the entire ganisation, and strategy must integrate the various structures and functions of an ganisation to deliver satisfaction to the customer on an on-going basis. Cross-cultural and ernational marketing will require the induction of skills and the infusion of marketing know-ge through training programmes within the Company.

Technology ingestion will have a significant impact on almost every aspect of business. e technologies of yesteryears which were based on conventional electrical, mechanical, d chemical engineering, are now being overtaken by new knowledge in microelectronics, mi-conductor, genetic engineering, and robotics. Strategic alliances will have to be forged facilitate skills and knowledge transfers to create globally competitive concerns. These new ances, knowledge, and technologies create opportunities for learning and training a new eed of people. The ingestion of this new learning will create new opportunities for human ources development in a multinational context.

Perhaps the single greatest upheaval in the traditional paradigms of business is in the area Information Systems and Organisation Design. Powerful new software in On-Line, Expert, d Executive Information Systems have been developed. These in tandem with hardware eakthroughs in Cellular Radio Technology, Optical Storage Media, and Neural Networks, ve made Information Technology increasingly people friendly. The most significant area of effects of this Technology on the modern organisation is in the sphere of Organisation sign. Since Information Sytems have increased the span of managerial jobs, it tends to tten the organisation structure and releases whole layers of people from routine mmunication, coordination and control jobs. These resources can be retrained and deployed

leadership must encourage risk-taking and innovations to face the changing challenges at organisations have to deal with in the emerging world economic order. Leaders must low for occasional failure,as a process of learning.

The conventional pyramidal organisation is gradually transforming into an organisation of sters and networks of people who form, dissolve, and re-form, to resolve issues in a bulent and dynamic environment. In the 'flattened' organisation structures of future mpanies, compensation packages will not necessarily follow the logic of level in a pyramid. using knowledge into, and empowering the work force will create the commitment neces-y for competitive success and will prevent undesirable obsolesence and turnover.

In no other area has the future arrived faster in our 'global village' than in Financial nagement. In this area Information is directly linked to competitiveness in the trade of ancial instruments. These developments in Financial Management will facilitate increased estment opportunities, and the emergence of tailor-made products for specifically defined stomer segments. Expertise in currency management and funds deployment will have to be eated. The role of the controller will now progress from Financial Accounting and nagement Accounting to a new form of Strategic Business Accounting.

BLUEPRINT FOR THE HUMAN RESOURCE

Traditionally the accounting treatment of people classifies them as 'costs' rather than vestments'. How often have we heard that 'People are our greatest asset'? The tragedy is t this is becoming a cliche. Actions have belied words, and the wrong kind of compromises have been made which have affected the credibility of leadership. In India over protection and lack of competition in the economy has created a situation leading to a continuous outflow of human talent which aspires for meaning in their work, as well as improved monetary rewards. It has given us the luxury of accepting mediocrity. Managerial practice has often used talent but rewarded mediocrity for their own comfort. This style of management is a complete anathema to the internationally competitive organisation we want to create and establish.

In formulating our blueprint we must begin with the creation of an Organisational Philosophy. This Philosophy must have the active commitment of people. It must not be so esoteric that it is difficult to comprehend throughout the company. Most importantly it must be seen to be practised. In fact, it is better not to have an organisational philosophy at all, rather than to have one which is denied every day in our work practices. This affects morale adversely and breeds cynicism in the Organisation. In Bhadrachalam we knew that our people could share a common vision only if that sharing was rooted in a common culture. Over the years our organisation's philosophy based on knowledge, candour, understanding, commitment, hard work and mutual respect, has created a vibrant culture which has enabled your Organisation to achieve pinnacles of productivity. To paraphrase a verse in the Rig Veda 'there is union amongst us because of the common wishes of our hearts.'

Based on our philosophy and culture, people policies and practices in Bhadrachalam, have been formulated. We have tried to foment a sense of fraternity, togetherness, and belonging. We have emphasised the pre-eminence of the team and have underscored the reality that the output of hard working teams is greater than the sum of the individual inputs of the persons who comprise the team. We have given competitive monetary rewards, have ensured hygenic work and living space, and have created the availability of the basic amenities for health and education. In short, we have designed and delivered an anxiety-free environment, conducive to learning, performance, productivity, and progress. These actions have been fundamental to the success of your Company which was facing the challenge of creating a successful enterprise, and a new culture - in a backward area and in a very competitive industry. As a measure of our commitment to learning your Company is establishing a Research Centre, which will pursue research and harness actionable knowledge relevant to business management practices in India.

As we take ourselves forward to grow and carve a niche in international markets, we can take sustenance from our past investments. **If learning has become an organisational habit, we can face the future of discontinuous change with confidence.**

To make work productive and people achieving, we have to effect the transition from the managing of personnel to the leadership of people. To achieve this successfully, leaders must:-

First, shift their role from the directing to the development of the human resource. In the rapidly changing markets and customer requirements of the future, with far-flung operations, it is impractical to direct the work force in the traditional sense. The development of people, and infusing them with new knowledge and learning is the sure formula for future success.

Secondly, leaders must provide parameters for employees to become increasingly self-managed. The employees of the future will desire a degree of autonomy and psychological ownership of the jobs which they perform. This will give them a sense of achievement and will enhance cosiderably the productivity of their efforts.

To effect the transition from national performance to international entrepreneurship, strategies will have to be formulated around the development of the human resource.

Thirdly, the work-force and personnel of the future, will contain numerous specialisms which need to interact synergistically. Business leaders must encourage and create the circumstance for team building and productive collaboration between Specialist and General Managers to achieve business results.

Fourthly, speed has become the watchword. The one common denominator in all dimensions of business in the future will be managing the increasing rate of change. Business leaders must adopt practices which stimulate speedy responses from the organisation. To achieve this,decision-making must be decentralised to the lowest level possible and people must feel 'empowered', to act rather than to keep seeking permission. To improve the quality of decision-making, business leaders must ensure that employees have access to the necessary information which is required for the making of their decisions.

Finally, leadership must encourage risk-taking and innovations to face the changing challenges that organisations have to deal with in the emerging world economic order. Leaders must allow for occasional failure,as a process of learning.

In developing our blueprint for the management of the human resource, it must be underscored that what we need is not meetings, seminars and proclamations; but action.

But no meaningful human resource strategy can ignore our senior citizens. The retired human resource is still an employee on pension and as elders and ambassadors of the Corporation, their interests and well-being must continue to command our due attention. Organisations that value people must prepare them to lead lives of fulfilment and achievement even after they have finished their years of productive service in the Organisation.

CONCLUSION

In conclusion, the performance of your company during the last year, and indeed, over the past eleven years, gives us cause for satisfaction and sanguinity. The efforts of your employees have made your Organisation a leading entrepreneur on the national scene in the paper industry. But there are developments in the environment which will engulf us and compell us to make changes that enable us to succeed in the emerging international economic order. To effect the transition from national performance to international entrepreneurship, strategies will have to be formulated around the development of the human resource. To implement these strategies will not be an easy and painless task. But there is no alternative and no escape from this challenge. Let us therefore commit ourselves and move ahead with determination and confidence.

This does not purport to be a report of the proceedings of the 15th Annual General Meeting



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A fly-by-night operation?



SUBRAMANIAM SWAMY

Most people who know me think that I would be in raptures about Dr. Manmohan Singh's budget. They are wrong. To be frank, I am quite alarmed by the projected consequences of this budget.

I have no reservations about Dr. Singh's intellectual equipment or his integrity. In fact, there are few gentlemen like Dr. Singh in the economics profession. I am concerned about what Dr. Singh's budget would do to the credibility of the ideology that I have been vigorously propagating for the last twenty years of my public life. I have been arguing and arguing since 1971 that competitive market economy is the only system that interfaces (or meshes) with the Indian ethos.

Dr. Singh has also strongly alluded to the need for such an ideological commitment. In a nutshell, he argues that the model of the past budgets (the Soviet model) has failed to deliver the goods, and hence he intends that we move away from it, to a deregulated competitive economy. Nothing is wrong with this intention, but remember that the path to hell is also paved with good intentions. Besides, the Congress(I) did not come to power on a mandate to restructure the economy. It had promised stability instead.

Wonderful intention

What has Manmohan Singh done in his budget to move the economy in the direction of a competitive market economy? He has, as the IMF wanted, proposed to reduce the fiscal deficit by 2 per cent points, down to 6.5 per cent of the GDP. Wonderful intention, but he has sought to achieve this, creating a huge surplus on the capital account (nearly Rs.7,000 crore) to offset the huge deficit on the revenue account (about Rs.14,000 crore).

This means that the budget is growth deflationary and thus will cause a reduction in the growth rate of the economy. Dr. Singh himself has acknowledged that the growth rate in 1991-92 will be 4 per cent. Is the reduction in the fiscal deficit worth such a high price? Will it endear the ideology of the market economy to the people? Reduction in the fiscal deficit could have instead been achieved by a reduction in the size of the government and by initiating new measures of mobilising resources. This means that had Dr. Singh embarked boldly on privatisation he could have achieved a reduction of the fiscal deficit without having to deflate the economy.

In Dr. Singh's budget, there is no mention of privatisation. Delicensing or deregulation is not the same thing, especially when public financial institutions and public-sector enterprises so dominate the economy anyway.

Similarly, the much trumpeted changes in industrial policy, changes in MRTP and FERA do not take us anywhere near a competitive market economy. The proposed changes are peripheral. What was needed was instead a genuine fiscal reform, through which the economy could be redirected along productive lines. For example, we need to step up the rate of domestic saving even more, for which it is essential that we abolish personal income tax. To reduce corruption and harassment, the scrapping of sales tax and streamlining of the excise tax system are vital.

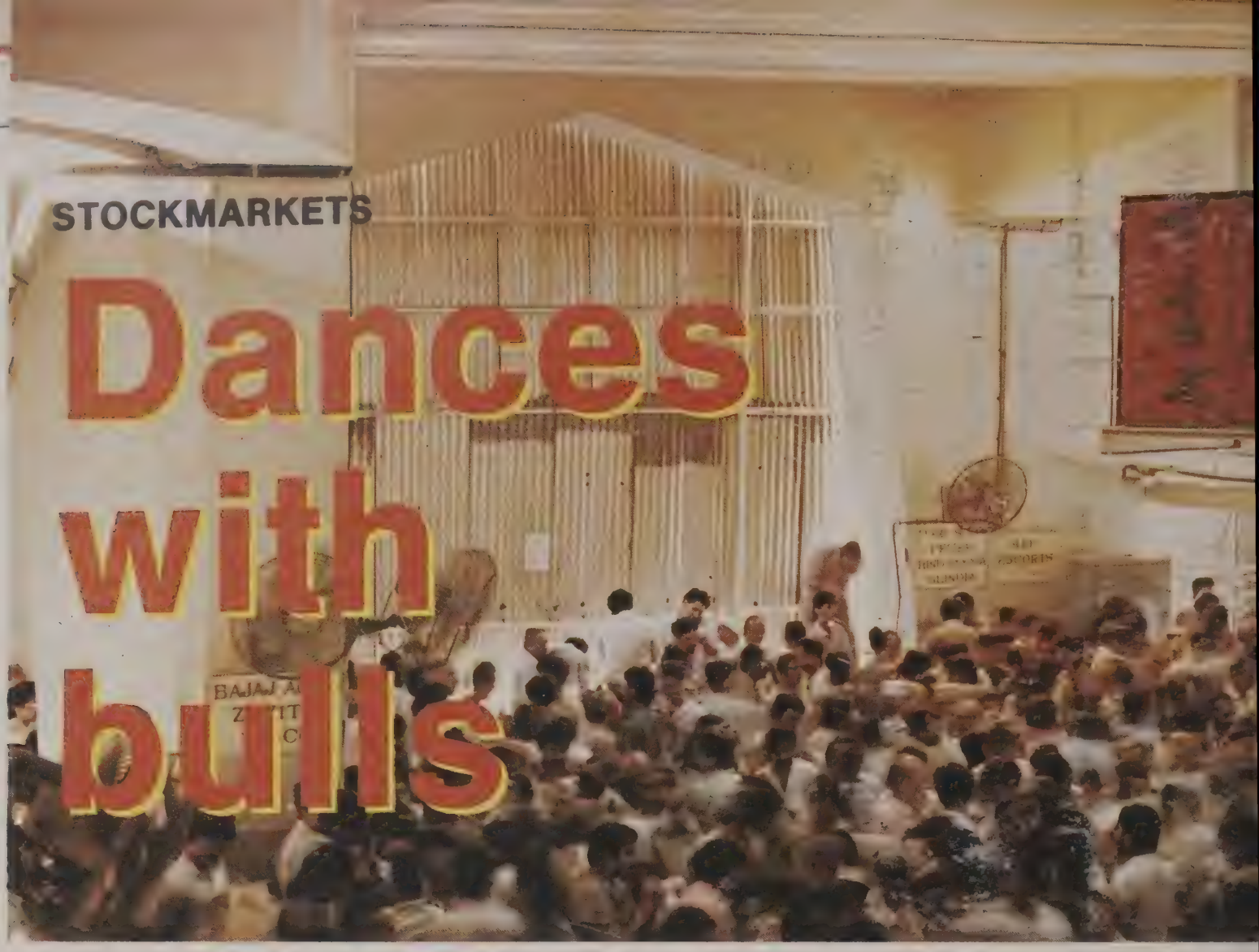
Nitpicking measures

Instead, what we have in Dr. Singh's budget is the same nitpicking resource mobilisation measures of enhanced taxes on petrol, air conditioners, sugar and cars (yielding Rs.2,800 crore in six months). What is worse is the elimination of the fertiliser subsidy, thereby ensuring a rise in the price of fertilisers which is bound to hurt the farmers without any apparent benefit for the country at large. Mark my words, the ill-timed scrapping of the fertiliser subsidy at a time of spotty rains and a ruling party without majority, will cause the ultimate distress to Dr. Singh's tenure as finance minister. If the fiscal deficit and the fertiliser subsidy cuts were 'IMF/WB friendly', to *borrow* a phrase, then Dr. Singh has not understood these lending organisations. These two bodies would be far more interested to see how durable the changes sought by Dr. Singh are, rather than some fly-by-night operation to secure a loan. Compare how Gorbachev fared at the G-7 meeting to know what is in store.

I am also not impressed by this rapid-fire trade reform announced by Dr. Singh. As commerce minister, by sheer import compression and export encouragement, I turned around a trade deficit of Rs.185 crore in November 1990 gradually to a trade surplus of Rs.139 crore in April 1991 despite the Gulf war. A trade reform is necessary for carrying this good work into the future — but not the trade reform announced. As minister, I resisted the idea of devaluation till we had built up an export surplus, and had straightened out the infrastructure system. Devaluation was to follow. Till then, I had suggested calibrating the exchange rate with REP licences. But, the Congress(I) government has put the cart before the horse.

In brief, Dr. Singh's budget is doomed to run into heavy weather. Whether his party will stand by him is to be seen. In the meantime, some of us will have to work overtime to salvage the credibility of the ideology of a competitive market economy.

The author is the former commerce minister and an economist in his own right



STOCKMARKETS

Dances with bulls

Manmohan Singh's maiden budget, combined with his government's new industrial policy, has loosened the floodgates at the stockmarkets. The BSE Index is racing upwards, and a host of industries look capable enough to sustain the boom. While conditions are not what one might call "perfect", handled correctly, they are certainly good enough to catalyse an unprecedented phase of growth in the Indian economy

It has been a boom of epic proportions. Reacting swiftly to the budget and industrial policy declared on 24 July, the market, which had been simmering since the new government came into power, boiled over. In a mad scramble, speculators, assisted liberally by mutual funds, rushed to buy scrips, taking the market to record highs. The BSE Sensitive Index, which stood at 1,419 on Monday, 22 July, pipped the 1,600 mark by Friday, the 26th — a jump of 13 per cent in four days.



It was the moment for the aggressive buyers. Canbank Mutual Fund, whose purchases average Rs.60 lakh a day, reportedly purchased shares worth Rs.3 crore — mainly Grasim and Indian Organic — in the trading session following the budget announcement. The immediate result: Grasim shot up from Rs.248 on the day before the budget to Rs.300 by end July, while Indian Organic jumped from Rs.46 to Rs.60.

Some even bought back what they had sold earlier. UTI, in particular, was a big seller of shares before the budget. In the run-up to the budget, it had apparently sold about 300,000 shares of Great Eastern Shipping; almost all of that was snapped up by a large bull operator at about Rs.84 a share.

UTI must be rueing its decision now, while the buyer is celebrating his sagacity, for by end July, Great Eastern had risen to Rs.92. Like UTI, several other institutions sold shares — particularly of Tata Steel — when the market started moving up, having learnt the lessons of last year well. Grateful for the high prices they were getting, they figured this was it. What they hadn't foreseen was the spectacular rise that came towards the end of the month.

For speculators, who tend to join the bandwagon as soon as the bigger operators enter, it was a chance to make a quick buck at the expense of short-sellers caught napping in companies like Tata Steel and several multinationals that are expected to have modest earnings increases in 1991. The mood of joyful follow-the-leader was well summed up by an excited Roopesh Pande, a floor broker with the stockbroking firm of Bhaidas Maganlal, as he shouted on the floor of the exchange a day after the budget, "The big boys are in!"



Deepak Tolani

In its first chapter, then, the story of this boom is a lot like that of October 1990 which took the bellwether Bombay Stock Exchange Sensitive Index (BSE Sensex) past 1,600 for the first time. Then, too, the charge had been led by speculative scrips on very high volume. Then, too, the more conservative mutual funds like LIC had sold blue chips like Grasim only to buy them back a couple of months later at prices about 25 per cent lower.

Thereafter, the market proceeded to fall steadily through January, with the BSE Sensex falling by 40 per cent and the market losing over Rs.40,000 crore in value between 9 October and 25 January. The question is: could it happen again? One will have to wait and see, but, perhaps as is to be expected, marketmen are confident that it will not be as dismal.

They could well be vindicated though; the main reason is that the bust that followed the boom in 1990 occurred because of rising international oil prices following the Gulf war and the volatile domestic political situation. Neither of these negative factors is present now.

There have been, in fact, many positive and even euphoric changes. For one, the buzzword from Rajiv's glory days has been revived in Delhi these days: liberalisation. Ever since the new government came into power, it has sent clear signals of loosening restrictions and letting market forces play freely. It started off its show with the massive devaluation which enhanced export demand. Then came the new trade policy which made foreign trade more market-oriented by removing export subsidies and simplifying replenishment incentives.

Next, came the revolutionary industrial policy which did away with the draconian MRTP restrictions that hampered the growth of larger companies. The limit for foreign holding in Indian companies was raised to 51 per cent for a wide range of capital-intensive industries. This took several companies, including the likes of Hindustan Lever and SKF Bearings, out of the Foreign Exchange Regulation Act's purview. The new policy also delicensed the food industry, thereby opening the door to high value-added foreign branded food products. Says B.R. Shah, chairman of Lipton, "The new industrial policy has made investment in modern food technology attractive. Indian agriculture and horticulture will benefit. This is a far-seeing measure."

And, finally, the Rao government presented the budget which unsealed the market. With only modest tax increases, the general fear of a harsh budget proved to be unfounded.

Talking about the market's subsequent surge, Pradeep Dhokania of DSP Financial Consultants says, "The market has reacted to the budget not being as bad as expected and the industrial policy being better than expected." Dhokania is also bullish on the new issue market, noting that "only the capital market today has the money".

Does this suggest a one-time rise as market levels adjust to a new level of expectations? Dhokania feels that further changes in the long-term will depend on the companies that make best use of the new opportunities

Merchant banker Vallabh Bhansali, of Enam Financial Consultants sounds a different note on project expansion. "The benefit of liberalisation will go to companies with assets in place. Thanks to high inflation, higher interest rates and devaluation, the costs of new projects will be substantially higher than projects set up even just two years ago."



Does that mean that the market is unlikely to go up significantly in the short run? According to Dhokania of DSP, the only major industrial group unaffected by the boom is the pharmaceutical group. Although pharma shares rose in the weeks before the industrial policy, they have been steady since the policy was announced — primarily because

the industrial policy stated that drug prices would continue to be controlled, in accordance with a drug policy yet to be announced. Hence, Dhokania is of the view that only liberalisations in the drug policy would boost drug shares and help the market in the short run.

J.M. Mondkar of J.M. Financial, who feels that the industrial policy is "fantastic for growth", mentions greater primary and secondary market trades by non-resident Indians (following the industrial policy) as another of the reasons for the current boom. He does, however, expect the capital market to turn down around October 1991 when companies announce their results for the first half of the financial year. He expects poorer results thanks to higher interest rates and import costs following devaluation.

Indeed, corporate performance will ultimately be the key to determining stock prices. But will it be as bad as Mondkar suggests? A look at the likely performance of some important sectors that make up the market reveals some surprising conclusions. Note that of the total listed companies' turnover of Rs.1,20,000 crores per annum (about 20 per cent of GNP), the major contributors will be automotive (13.5 per cent), cement (4 per cent), pharmaceuticals (3 per cent), fertilisers (3 per cent), steel (a mere 2.5 per cent), textiles and fibres (9 per cent) and tobacco (2.5 per cent).

Of these, steel and pharmaceuticals are expected to do poorly. About steel, Devapriya Kanoria, managing director of Kanoria Steels, notes that although prices of semi-finished steel have risen after the hike in cash margins on imports in April, to Rs.10,000 per tonne from Rs.7,000 per tonne in January, this has not benefited producers who use scrap steel or sponge iron as the prices of these has shot up by much more.

STEEL

Several steel companies were in bad shape even before the budget and industrial policy were announced, thanks to import restrictions and devaluation. Companies like Mukand, Mahindra Ugine Steel and Jindal Strips, which are among the larger speciality steel-makers, have a heavy import component.

Mukand, for example, had imports of Rs.174 crore for the year ending March 1990, for which audited figures are available, or 33 per cent of sales. After import restrictions were imposed in April, there are reports that the company has sharply cut production due to non-availability of raw materials. So, the company's prospects for 1991-92 look even worse than that in 1990-91, when its net profits fell by 38 per cent to Rs.9.3 crore. So also for Mahindra Ugine Steel and Jindal Strips which have imports at 30 per cent of sales.

The company which might sail through is Tata Steel. It is a net foreign exchange earner, noted Ishaat Hussain, its executive director for finance. With steel price decontrol inevitable now, it is a small wonder that Tisco's share price has risen 17 per cent since the industrial policy.



Steel plants are expected to do poorly

In addition, producers of sponge iron will do extremely well, particularly Ipitata, Orissa Sponge, Sunflag Steel and Essar Gujarat. This is because devaluation has made scrap steel imports (which supply 60 per cent of the mini-steel sector's requirement of 5 million tonnes) costly. Not surprisingly, sponge iron makers are minting money and their share prices have been among the firmest in the market.

The windfalls of the sponge iron companies may not last very long though. There are large capacities in the pipeline and some of these projects are very big. One such is Grasim's 400,000-tonne project at Raigarh scheduled for completion in 1993.

AUTOMOTIVES

The automotive sector, barring perhaps passenger cars, is expected to do well in 1991. An important indicator is that volume sales for the first quarter at Tata Locomotive, the country's largest automotive company, are up by 25 per cent, while sales at the country's largest scooter manufacturer, Bajaj Auto, are up 20 per cent in the same period.

Nevertheless, in any rising market there will always be peculiarities and exceptions. The expectations factor mentioned by Dhokania, as the reason for the recent boom, can have its irrational manifestations as well. Premier Auto is an example. The share price of Premier Auto rose from Rs.46 to Rs.53 after the budget, despite the fact that the budget raised the excise duty on cars from 50 to 60 per cent, not to mention the 20 per cent hike in petrol prices. Both will dampen the sales of Premier's cars and, logically, its share price should have fallen. Company sources take consolation from the waiting list for their cars and hope that there may not, after all, be any drop in sales.

TOBACCO

Tobacco will, of course, have an excellent year again. This recession-proof industry has been relatively unaffected by the budget with a mere inflation-compensating 10-per-cent increase in the excise burden. As ITC Chairman J.N. Sapru says, "I am not particularly worried about demand contraction as a result of the excise hike." Finance Director Feroze Vivaina adds that he expects the company's balance sheet to look even better next year.

TEA

The other major agro-based industry, tea, is greatly benefited by devaluation and the new trade policy. Commenting on the boom in tea share prices, R.L. Rikhye, president of the tea division of Macneill and Magor, notes that "India controls 15 per cent of the world tea market, so the 20 per cent devaluation and higher export replenishment will be excellent for tea exporters."

CEMENT

Cement is currently the powerhouse of the stockmarket. All cement companies have announced record results and current trends indicate that 1991-92 will be better, with net earnings rising by over 35 per cent. In fact, the cement sector is expected to earn a net of 15 per cent on sales this year. This despite higher costs of about 10 per cent due to dearer oil, coal and freight, according to Madras Cements' director P.R. Venkatrama. Since earnings are what push stock prices, the impact of cement's performance is likely to be the single strongest influence on the direction of the market this year. In recent weeks, ACC, Gujarat Ambuja,

and India Cement have posted handsome gains in the stockmarket, despite increases in the cost of production.

The main reason for cement scrips going up in the boom, however, is that the market had expected a heavy dose of fresh excise duty on cement. This had depressed the shares of cement companies. Since the budget did not levy any fresh duty, the shares flared up. Narotam Sekhsaria, managing director of Gujarat Ambuja Cement, is naturally bullish on cement: "The cement industry will do well for a few more years to come. The industry has reached an equilibrium between demand and capacity."

The super profits of cement companies will definitely attract new entrepreneurs and new investments, and more so now because of delicensing. So the possibility of over-capacity and a subsequent drop in profits cannot be ruled out, especially considering that the pre-tax profits of the industry in 1991 will be enough to fully finance ten 1-million-tonne plants.

FERTILISERS

Fertiliser companies form another group where the stockmarket response has been tremendous, notably for SPIC, Indo-Gulf Fertilisers, Gujarat Narmada Valley Fertilizers (GNFC), Gujarat State Fertilizer Company (GSFC). This is because, first, some fertilisers like calcium ammonium nitrate, ammonium sulphate and ammonium chloride, have been totally freed from price and distribution control.

GNFC, GSFC and Punjab Fertilisers are the major beneficiaries of this policy change. Says a senior marketing executive of GSFC, which has a 300,000-tonne ammonium sulphate plant, "Now we can sell our fertiliser in any market which fetches us the best price." And cryptically, "So we should make more money."

For other major nitrogenous and phosphatic fertilisers, the budget has allowed a price rise of 40 per cent. Here, the price rise has been balanced by the reduction in subsidies that companies were enjoying so far. Will the price rise lead to lower sales of fertiliser companies?

Those who bought fertiliser shares after the budget argue that, given the foreign exchange crunch, imports of fertilisers will be restricted and, therefore, the demand for domestic companies will be strong. Besides, they argue, fertiliser demand is largely price inelastic. May be true. But then again, fertiliser consumption largely depends on rainfall. In years of draught, as has happened in the past, consumption nosedives. On such uncertainties do the fortunes of fertiliser companies depend.

SYNTHETIC FIBRES

The share prices of Reliance Industries Ltd (RIL) and Indian Organic (IOC) rose sharply by 30 and 27 per cent, respectively, after the budget. Reliance is the major manufacturer of polyester fibre (PSF) and yarn, while IOC makes PSF. Both PSF and PFY have been given the benefit of MODVAT, whereby manufacturers can now reclaim duties paid while buying the raw materials. The MODVAT benefit for PFY works out to Rs.5.05 per kg and for PSF at Rs.4.50 per kg. But this entire benefit will be more than offset by the increase in special excise duty from 5 to 10 per cent and an increase in DMT and PTA costs; prices of the latter two have gone up because of higher naphtha prices. S.R. Rathi, president of the Association of Synthetic Fibre Industry, says, "The benefit extended under the MODVAT scheme by the finance minister will be nullified by the hike in input costs."

The rise in Reliance's share price, then, may be largely technical. According to stockmarket sources, a Calcutta broker short-sold nearly 100,000 shares before the budget and is now busy buying back. Or it could be because of a return of the famed Ambani political clout.

Grasim Industries, the country's largest manufacturer of viscose staple fibre, also witnessed a 16-per-cent increase in its share price after the budget, despite the lack of any benefits from it. Says senior vice-president S.K. Saboo, "There is no apparent reason for such a flare-up in our share price except that we will do better this year due to the full impact of our new 1-million-tonne cement plant."

Much rides on the fortunes of the textiles and synthetic fibres industries though. With most companies in both performing better in 1991 than towards the end of 1990, the very solidity of the stockmarkets looks assured. As broker Ashok Thakkar puts it, "Even if the market reacts, the index cannot fall below 1,500."



Synthetics: MODVAT benefits will be offset by higher special excise duty

CONSUMER ELECTRONICS

Companies in the consumer electronics business, however, have taken a beating in the latest budget. The duty on colour TVs (CTVs), VCRs and VCPs has been raised while the duty of about Rs.500 on each black and white (B&W) TV set has been abolished. The share price of the largest colour TV manufacturer, Videocon International, has, however, gone up from Rs.160 to Rs.230 after the budget. This might be because of Videocon's dominant position in both B&W and CTVs.

During the current year, Videocon plans to produce 480,000 B&W TVs. So, from the abolition of excise duty on such TVs, Videocon stands to gain Rs.24 crore in a full year. But since the company will also produce 240,000 CTVs (on which the duty has gone up by Rs.500), this gain



Consumer electronics companies have taken a beating in the budget

will be partly offset by the Rs.12 crore loss on CTVs.

Videocon's managing director Venugopal Dhoot figures that the gain will be bigger because the higher excise duty on CTVs can be passed on to the consumer. He says, "With our strong brand image and good quality, people will pay higher prices for our TVs." Besides, there is also the fact that with licensing having been continued for TVs, smaller manufacturers have become more vulnerable to an industry shake-out than giants like Videocon.

If so many key industries look like solid performers for 1991, where is the economic mess that the country is supposed to be in? And, surely, the impact of reduced government expenditure will be deflationary in the short run? The finance minister has forecast a modest 4-per-cent economic growth rate and 5 per cent inflation for this year. He is certainly underestimating inflation, but, according to the figures above, he may be underestimating growth as well.

The factor that may have made the difference between the policy-induced mess and solid growth is agricultural demand. As the strong demand for fertilisers and tractors shows, agriculture has reached a turning point. Agricultural growth in 1990-91 was recorded at 4.5 per cent, the highest since 1981.

The other factor which excites marketmen is the possibility of direct foreign investment in secondary markets. The new industrial policy allows multinationals to raise their stake from 40 to 51 per cent in certain industries without coming under FERA. Although it is not yet clear how foreign companies will raise their holdings, there are two possibilities — some will go in for privileged share issues, while others may purchase shares directly in secondary markets. Either way, it is bullish for markets.

All this leaves open a key question: how high is high enough for the market? Analysts' predictions are largely bullish, and are based on a consideration of an appropriate price earnings (PE) ratio for the market. PE is the relation between the price level of a stock (or market index) to the underlying earnings.

The current average PE of all the shares that make up the BSE Sensex stands at 26, or marginally below the PE reached on October 9, 1990. This figure is, however, misleading. Since the index is only 3 per cent more than the October peak, and since corporate profits have risen by an average of 25 per cent between 1989-90 and 1990-91, this means that when current year results are fully included in the calculation, the PE will drop to about 19.

Given the new policies, a PE of 19 seems reasonable, given that it has historically averaged at 15 in India. Yet, it also suggests that since the market is well-priced, further rises in markets ought to be related to the announcement of new policies or changes in corporate performance. Further sharp short-term jumps without a correction, argues Brijesh Koshal, vice-president of PNB Capital Services Ltd, would be unjustified in fundamental terms. In other words, there is the danger of a speculative bubble

That said, the market at the end of Ju had much to cheer about. With tradi volumes in Bombay once again crossi an average of Rs.200 crore per day for t first time since October 1990 and with t value of a stockbroker's card at an a time high of Rs.80 lakh, glamour da have returned to the stockmarkets.

Ultimately, however, no stockmark is riskless and "a well-priced marke does not mean a market that cannot fa On the contrary, there are some maj risks facing the economy at this time, a of which could affect the stockmark adversely.

The first is political. Although the p litical situation does not compare wi the instability that marked the last qua ter of 1990, it is not entirely absent. This because the current government is a m nority government subject to all kinds political uncertainties.

The second is the government's shor age of domestic and foreign resource Manmohan Singh's soft budget is esse tially a bet that the economy will gro rapidly this year. If this does not happe perhaps because of monsoonal vagarie harsh fiscal measures will undoubted follow.

A third risk is inflation. Although go ernment spending may fall and help co tain inflation, the impact of higher cos may well mean lower inflation-adjuste profits of companies this year.

Given the economy's opening up, it i however, arguable that all these a short-term disturbances. In the long ru the Indian economy will continue to gro steadily. Today, the economy is whe Western Europe and the United State were in the fifties — at the beginning decades of secular increases in consum demand. For the next 30 years, barrin minor setbacks in some years, growt ought to be both high and sustained.

This is because of the inhere strengths of the economy. Our vast popu lation provides a large consumer ba with a growing buying power that reflec improvements in living standards. Th unusually high savings rate of over 20 p cent implies a large latent potential pu chasing power. Simultaneously, wi time, consumers will demand better qua ity at lower prices. Given the open-do policies being pursued by the gover ment, if Indian companies can live up the expectations of consumers, vast ho zons are at their feet.

■ RAFIQ DOSSA
and DILIP MAITRA with Bureau Repo

BUDGET 1991-92

"Deflation with growth"

Finance minister Manmohan Singh says that we are gaining more than losing. But one thing is clear. It will be some time before the results show

Will it be 9 per cent or 12 or 16 or 20 per cent. These are the opinions on the anticipated escalation in price levels that the economy will register in fiscal year 1991-92. Finance minister Manmohan Singh gave a rather brave figure of 9 per cent together with a GDP growth of 4 per cent the day after his budget presentation. "A deflationary budget without sacrificing growth," he said, by now, famous words. Few are prepared to believe Singh especially as he steps into a tradition where economics has been shown little consideration. The annual promise to hold fiscal deficits (the primary reason for continuing inflation) at levels promised in the budget have rarely succeeded. And Manmohan Singh inherited an economy that displayed an upward movement of 12.1 per cent in the whole sale price index (WPI) and 13.6 per cent in the consumer price index. Would it be possible to reverse that ascent? Twelve weeks into this financial year, by 22 June, the point-to-point WPI had slowed to 10.1 per cent.

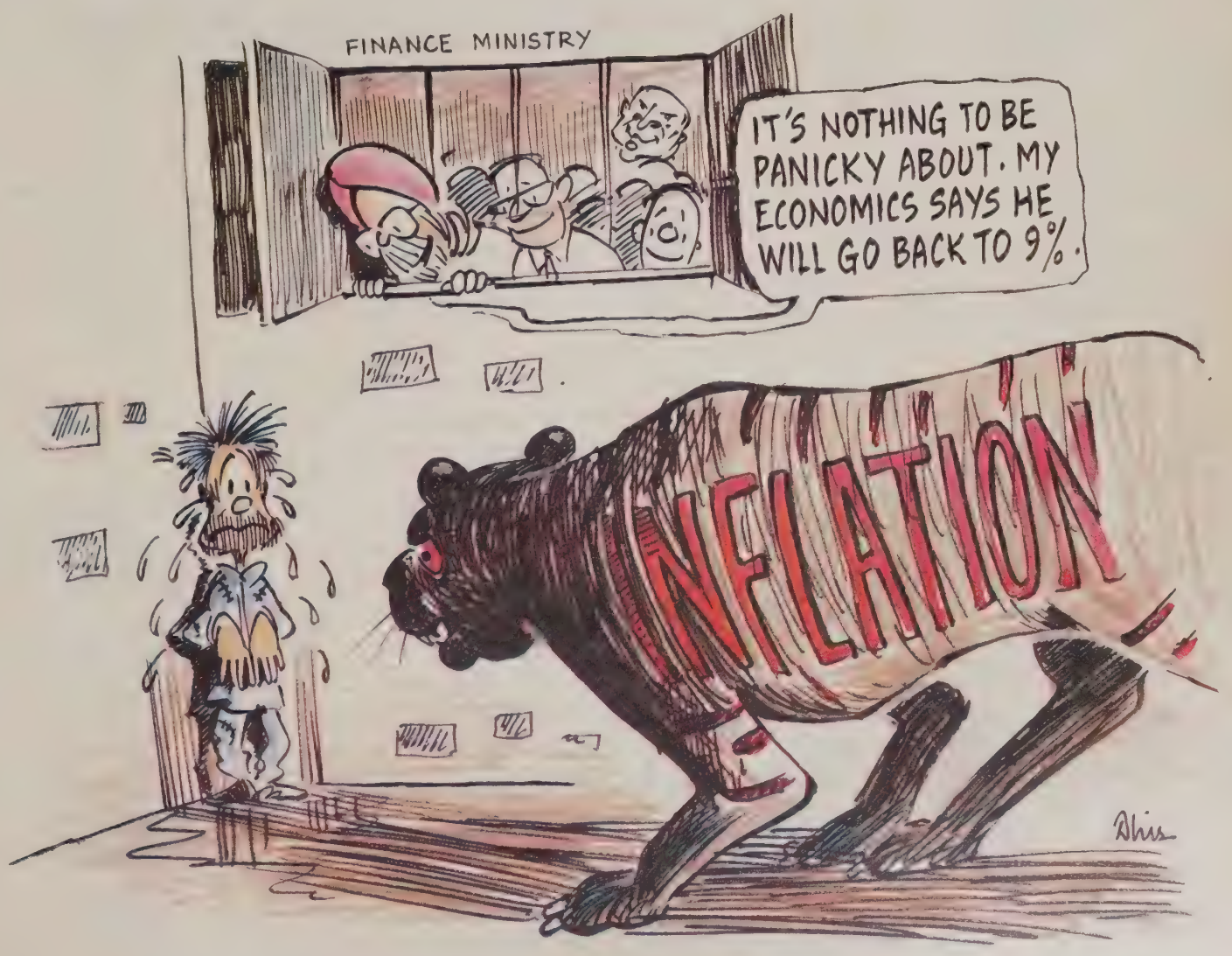
But would there be any further slowing down? Even after all the taxes that the budget added, the finance minister insisted that inflation would drop another percentage point. That confidence flows primarily from having slashed Rs. 6,604 crore from the fiscal deficit (the difference between the government's current revenue and the recovery of loans and its total expenditure) that he reduced to the promised 6.5 per cent of GDP.

Even as Singh stepped into the finance ministry six weeks ago, it was clear what the budget demanded of him. The previous years' inflation has resulted mainly due to the consistently high budget deficits owing to high revenue expenditure — on interest payments for past borrowings, on subsidies, defence and public administration. Primary articles, mainly foodgrains, owing to higher procurement prices added to prices last year. Oilseeds and pulses, commodities whose prices are extremely sensitive to shortages, have not been imported owing to the foreign exchange constraint. Little can be done about agriculture supplies, but the finance minister had to do something about the deficit.

Singh managed all this by relying mainly on the extra revenue that will come through customs; following the 20 per cent devaluation (since the devaluation increased the price of imports by 20 per cent, it raised customs revenue by an equivalent amount). Devaluation allowed him to take away Rs.3,000 crore of the export subsidy too. To these he added a 40 per cent increase in fertiliser prices that reduced the Rs.1,000 crore off the fertiliser subsidy.

Another Rs.2,617 crore came through fresh taxes, excise, corporate and lowered depreciation. And so the revenue deficit was brought down by Rs.3,721 crore and the budget deficit by Rs.6,281 crore which contracts "aggregate demand" in the economy by that figure. "So that is two reasons less for inflation this year," says an economist. More importantly, it allowed Singh to stay away from using the painful path of pruning plan expenditure or adding backbreaking excise levies.

Still, not many are convinced by this exercise, saying that some figures in the



budget left room for doubt. Several allegations have been made that "the figures in the budget have been fudged, almost two thirds of the 72 heads of expenditure have not been adjusted for the 20 per cent devaluation. Most noticeably, for the plan outlay of the petroleum sector, no extra provisions for the higher payments in dearness allowance to compensate government employees have been made. Defence expenditure has taken a beating in real terms, an area considered least flexible of all expenditures." Past experience has demonstrated that the momentum of these expenditures has been difficult to contain.

Admittedly, there have been liberal additions to taxation that will strain prices — petroleum products (effect on index: 0.42 per cent), fertilisers (0.7 per cent), that will be followed by a revision of the procurement price of foodgrains (0.2 per cent) lead the threat to prices. Then there is an increase in excise surcharge, from 5 to 10 per cent (0.65 per cent). Other familiar targets, electronics, refrigerators and airconditioners and motor vehicles, all have had excise added to them ranging from Rs.200 to Rs.30,000. "Surely this extra burden will be passed on to the consumer," says FICCI secretary general D.H. Pai Panandikar.

That isn't all. Administered prices of coal (likely increase of 15 per cent that will add 0.2 per cent to the index directly) and steel will take another jump upwards. These are more disturbing to the finance ministry. "For, an increase in the price of coal will travel across industry adding to all other coal-based industries, especially power," says an executive from the power sector.

Railway freight (price up 10 per cent: direct impact on index 0.3 per cent) is the other problem. Almost 35 per cent of the transportation of goods in the country depends on the railways for movement. But the other crucial commodity, diesel, has been left untouched which means that the road transport sector that moves 65 per cent of the country's goods will be kept out of the cost increases.

"So at least there will be no cascading effect of taxes as there was in October last year after the 25 per cent Gulf surcharge," says a finance ministry official. "Only the final goods have been touched, the intermediate goods left untouched." But if last year, the cascade effects began from the petroleum sector, now it will originate from higher procurement prices. These prices usually act as the floor to market prices. And if they go up that means that wages will go up through higher dearness allowances. "You can expect about Rs.500 crore to be added to the government wage bill," says NCAER director S.L. Rao.

The economist, nevertheless, is prepared to go along with the 9 per cent even with a little reluctance. In January, the National Institute of Public Finance and Policy (NIPFP) had demonstrated that a reduction of the fiscal deficit from 8.5 to 6.5 per cent will cause inflation to drop by four percentage points and growth by two. But everything really hinges on the monsoons and the agriculture performance. Another good monsoon and we can get away with 9 per cent because the contraction in government spending is substantial," says NIPFP's Sudipte Mundle.

> Singh has neatly shifted inflation from being driven by excess demand to one fuelled by higher costs. He hopes that increasing taxes would cause a one-time increase that the system will absorb. And two years hence, there will be remarkable gains from improved corporate performance

All these taxes added up together with the higher lending rates of banks and import curbs will undoubtedly slow down progress in the manufacturing sector. At least, nowhere near last year's 8.6 per cent. And lower growth rates mean lower tax collections, both of corporate income and excise, lower investments and higher costs too. And all this will be accentuated by a depressed demand for industrial products. So the 16.8 per cent growth in tax collections that the budget relies on maybe optimistic. The previous year's unanticipated shortfall in corporate tax collections by Rs.1,149 crore is still fresh.

More than the addition to corporate taxes, reducing depreciation rates from 33.3 to 25 per cent is another lethal blow that will transfer at least Rs.1,800 crore from the corporate sector to the government. Much of this constitutes the core o the promoters' contribution of corporat finances to fund future investments. "Fu ture investment, then, can be expected t take a beating," says another industr spokesman. Industrial slowdown, eve though predicted, has not come yet. In frastructure performance in the firs quarter has remained unaffected — coa production is up 3.2 per cent, saleabl steel up 24.4 per cent, cement 13.7 pe cent, fertilisers 6 per cent and power gen eration another 9.5 per cent.

There are several other things that th finance minister did not do, most impor tantly, perhaps, the rolling back of tariff on capital goods, presently a staggerin 80 per cent. "If this budget attempted t take the first step towards global integra tion then we clearly need lower tariffs t compete by bringing down project cost to conform with some of the other indus tries in the Asia-Pacific region," says Pa Panandikar. Besides, a corporate tax rat of 45 and 50 per cent is certainly steep an the export sector could have done with a few more tax exemptions than the thre that the budget handed out. "The 20 pe cent disinvestment of public equity ha been a dampner," says NCAER's Rao.

Singh admitted that he was working o a programme of rationalisation of ta structure. For the moment he has neatl shifted inflation from being driven by ex cess demand to one fuelled by highe costs. He hopes that increasing taxe would cause a one-time increase that th system will absorb. And two years hence there will be remarkable gains from im proved corporate performance with th freedom given out through the industria policy. Stockmarket behaviour over th previous fortnight is sufficient evidenc of that.

Nevertheless, it is apparent that the fi nance minister is walking on a very slen der edge from where the slightest nudge can throw him off. "What, for instance will happen if Tamil Nadu's Jayalalitha demands Rs.1,200 crore for the state o Jyoti Basu Rs.2,000 crore for his petro chemical project in Bengal in return fo CPM support at the Centre?" asks a po litical analyst in New Delhi. But that is a much that Manmohan Singh the econo mist can do. The initiative now reall rests on the political managers in th Congress, to pilot these bills throug Parliament as well as to ensure that th government departments conform to th expenditure reductions.

■ ARIF SHARI



Zodiac for Hans Schmidt

The latest to capture the imagination of the Germans is not automobiles.

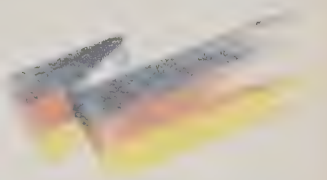
At 220 km/h, the Germans are sitting up and noticing the fastest moving fashions to hit the road. Zodiac. Exported to Europe's leading fashion houses. The international look of the season is now parked in India. Slip into gear. And you'll appreciate why Herr Schmidt now chooses to test drive the latest - Zodiac.

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EW INDUSTRIAL POLICY

Only a beginning

ne significant result of the new policy is that it would induce more ompetition, which in turn would change production patterns. New apacities would be added and specialisation encouraged though foreign vestment is not likely to boom in the short run

The new industrial policy may lead to a restructuring of industry, but it's likely to take time. Some analysts feel that it will be probably -5 years before the results start showing, at all. The interlude will be a time of rain, when, in the words of ASSOHAM president Avijit Majumdar, Some of us will fall by the way side and ome of us will forge ahead."

Considered along with the new ade policy, the devaluation of ie rupee and the budget, the ew policy's impact would em to be towards creation conditions for intense inrnal competition. But it ill be in a protected enronment because imort barriers have not een substantially reuced. Also, devaluaon makes imports ostlier and not much reign investment can me in very quickly.

The intense internal roduction that would acue (for that is what decensing implies) would ange the whole pattern of roduction. Says T.K. haumik, assistant secretary genal of the PHD Chamber of Comerce, "Until now, the production ttern in the economy has been directed a deliberate fashion through the licensg system. Now, free of restraints, proiction patterns would conform to the mand pattern. In fact, you can go forard and say that it would tend to match e income distribution pattern."

In the delicensed areas, where investent had been restricted, new capacities ould be added. But as Jagdish Shettigar, wly appointed economic idealogue of e BJP, points out, there will be a shake ut in areas where excess capacities have en created in the last few years. Says nettigar: "One such area could be the entertainment electronics segment where, in the last few years, a lot of capacity has come in, but which still remain under licensing."

According to S.L. Rao, director of the Delhi-based National Council of Applied



Economic Research (NCAER), "We might witness a great deal of mergers and takeovers in the future, especially since they have been made entirely legal." Rao feels that, in future, industrial enterprises will tend to specialise in their areas of expertise rather than diversify into unrelated areas as we see now. "A single group like the Modis who manufacture everything from thread to tyres and cement will be under some pressure," he says. Scale expansions will be the other attractive option. And since the domestic market will not sustain such expansion, companies will be forced to depend on the export market.

The new policy will change the production pattern for sure, but it will also affect the locational pattern. Again, until now, investment has been directed purposely to certain areas depending on the judgement of the government of the day. Now with the locational policy freed, investment would flow into such areas where the infrastructure is the best. Says an analyst: "In the short run, this would mean that UP and Bihar, which used to get a lot of projects with their political clout, would be out and investment would flow to states like Gujarat and Maharashtra." In the long run, there will be intense competition among states, all of them competing for scarce resources in the form of investment. The finance minister thinks that "when projects are deliberately located in a particular area, it hardly leads to a betterment of the prospects of the locals. They get jobs as peons and cooks, while the top personnel come from outside."

Apart from the pattern and location of investment, there would be other changes also. Says industrialist Hari Shankar Singhania, vice-president of the International Chamber of Commerce, "The rise of the middle sector is something I foresee as a result of this policy. With delicensing, medium-sized entrepreneurs' full entrepreneurial abilities can be unleashed." Large industrial houses which used to thrive on by cornering licences through their networks would be at a discount, but in some other ways, even they would benefit as there is no limit to growth by the asset limit of MRTP now and more new areas are open to them for investment.

However, what the government has announced is, in a way, only a statement of intent which has to be followed through

with legislation. Much would also depend on the way in which the bureaucracy, with its penchant for *status quo* and reluctance to forgo controls, implements these policies.

Some analysts feel that there are enough provisions in the policy, the way it is evolved now, which actually mean relicensing by the back door. For instance, any project where import content is more than 25 per cent (or value of import entailed is more than Rs.2 crore) would require to come to the government for clearance. In these days of mega projects, more would require that kind of imports than not.

There are also misconceptions about the impact of the changed policies on foreign investment. Even though the government has opened the door for foreign investments, companies abroad will not consider this gesture seriously until they actually see the policy being implemented. Says Singhania, "People abroad are going to see how many will follow this policy and the fashion in which it will be administered."

The interest of the large foreign companies in India stems from their perception that India is a large market where they can purvey their wares, especially consumer goods. But India is looking at foreign capital mainly as a vehicle for high technology. In fact, it is these areas which are open for automatic clearance (*annex 3* consisting of 34 industries). So, if foreign investment wants to come in areas other than these, approvals would be required. And approvals could be as cumbersome as always. In fact, a close reading of the new policy reveals that even in cases where clearance is automatic, its approvals, and not clearances. The operative word "approval" is causing apprehensions to analysts.

And even the list of 34 industries have been drawn up in such a fashion as if to deliberately keep away foreign companies from some areas. Points out P. Balakrishna, a foreign investment consultant, "For instance, in the list, hydro steam gas generators only up to 60 MW are open for foreign investment. This is obviously to protect BHEL which produces generators of higher capacity. But if foreign companies are interested in coming to India, they would like to do so for higher capacity equipment."

There are other problems in the policy as well. Given India's foreign exchange problems, the government might have been justified in insisting on "foreign exchange neutrality" of all foreign investments. But as PHD CCI's Bhaumik points out, "Much of the incentives for foreign investment is lost through this clause. I am not too sure about how many companies can manage foreign exchange neutrality" — a view shared by many other experts too.

Moreover, foreign investors are going to take a total view of India before committing to resources in the country. Says Singhania, "This means that if the infrastructure is bad in India (which it is), foreign companies are going to consider that before actually coming to this country."

All this is not to say that the allowance of 51 per cent equity to foreign companies is no improvement on the prevailing 40 per cent (though analysts point out that 74 per cent and even 100 per cent foreign equity was allowed even before, on a case-to-case basis). Till now, the general policy of the government to allow for only 40 per cent equity had deterred many foreigners from moving into the country.

Also, as M.S. Patwardhan, executi vice-chairman of NOCIL points ou "Having a 51 per cent stake in India w be advantageous for foreign companie especially those who are investing for t first time in India, because not all of the can locate the right kind of Indian par ner. It will also allow them to consolida the accounts of the Indian subsidiari with the parent company." Also, it w mean more commitments towards th Indian company, especially in areas lik scarce know-how because chances leakages will now be less due to th greater equity holding by the foreig companies.

In all, foreign investment is hardly ex pected to boom as a result of the policy especially in the short run. Probably th finance minister realises this and, i recognition of this, has created a special empowered board to scout for foreign investment outside the broad parameters of the policy from leading transnationals. As he explains, the idea will be to target some of the top transnationals and also those who are likely to be displaced from Hong Kong, when it cedes to China in 1997. Since the details of how the board's composition and *modus operandi* are not known, it might be too early to speculate on the likely success of the board.

■ KINGSHUK NAG



Investment will flow into areas with the best infrastructure

TAIPEI



Taipei Trade Shows 91-92

INTERNATIONAL TRADE SHOWS

1991

Taipei Computer Applications Show	Aug. 13-19	Taipei Int'l Toy Show	Oct. 21-25
Taipei Int'l Jewelry & Timepiece Show	Sept. 6-10	Taipei Int'l Gift & Stationery Autumn Show	Oct. 30-Nov. 3
Taipei Pack (Taipei Int'l Packaging Industry Show)	Sept. 17-21	Taipei Int'l Medical Equipment & Pharmaceuticals Show	Nov. 8-11
Taipei Plas (Taipei Int'l Plastics & Rubber Industry Show)	Sept. 17-21	Taipei Aerospace Technology Exhibition	Nov. 19-23
Taipei Int'l Electronics Show	Oct. 7-13	Taipei Int'l Woodworking Machinery Show	Nov. 19-23

1992

Taipei Int'l Furniture Show	Feb. 17-21	Taipei Int'l Footwear & Leather Goods Show	Apr. 24-27
Taipei Int'l Telecommunications Show	Feb. 27-Mar. 1	Taipei Int'l Flower Show	Apr. 25-29
Taipei Elec (Taipei Int'l Electronics & Electrical Show)	Mar. 6-10	Taipei Softex (Taipei Computer Software Show)	May 7-10
Taipei Int'l Gift & Stationery Spring Show	Mar. 16-20	Taipei Int'l Hardware, Houseware & Building Materials Show	May 7-10
Taipei Int'l Sporting Goods Show	Mar. 25-29	Taipei Int'l Auto & Motorcycle Show	May 15-19
Taipei Int'l Industrial Machinery Show	Apr. 4-10	Taipei Int'l Food Industry Show	May 25-29
Taipei Int'l Cycle Show	Apr. 16-20	Computex Taipei (Taipei Int'l Computer Show)	June 5-9

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CANBANK MUTUAL FUND

Going great guns

The new kid on the mutual funds block is a daring operator in financial markets. And with markets booming, Canbank Mutual Fund's (CMF) aggressiveness has paid off and today it is second only to pioneer UTI in the market. In getting there, it has earned accolades from investors and brokers, and criticism from competitors and regulatory bodies

Canbank Mutual Fund (CMF) is the largest member of Canara Bank's financial services arms; the others are Canfina and Can Fin Homes. The three organisations are linked by common management, with Canbank chairman N.D. Prabhu chairing all three, and personnel typically move from the parent bank to the financial services arms.

It is all part of an integrated and very person-oriented management style. CMF's general manager B.R. Acharya says he started as a "plain B.Com from Bhadragiri — population 1,000, unchanged since 20 years, and peopled by the newly wed and the nearly dead. All the rest have left." He himself started working for the bank and made it, "on the strength of performance" to CMF in Bombay via Canara Bank, Bangalore and Canara Bank's overseas branch in London.

And speaking about the reasons behind CMF's astonishing growth since it was started in 1987, Acharya says: "Knowledge is not as important as interest or initiative. Basically what we are doing is just addition and subtraction. For that you don't need to be a chartered accountant. Practical experience is what counts."

It did not start spectacularly. Canbank's divisional manager, Gouri Shankar, remembers, "When we started in September 1987, CMF had only two employees — general manager K. Dharmapal and me. At the time we launched Canshare, I went to Mangalore, my hometown, to gather investor support. My own people had their doubts. They had booked a small room in the hotel for the conference thinking that only 5 to 10 people would attend."

Canshare was a flop, despite advertising support worth Rs.1.10 crore. It collected only Rs.17 crore when launched in December 1987.

Compare that with Canstar, the 1990 blockbuster. The scheme collected Rs.800 crore, supported by advertising worth only marginally more at Rs.1.5 crore. "Today," Acharya says, "I don't think that any fund we launch will collect less than Rs.100 crore."

Though CMF's total funds of approximately Rs.2,300 crore are dwarfed by UTI's investible funds of Rs.21,000 crore, it has a higher growth rate. Besides that, it has put up serious competition to reputable competitors like State Bank of India's SBI Capital Markets (SBI Caps).

How do the men — and they are all males — from Udipi do it? And can they continue to do it, given that there is a rapid turnaround of top management? Canara Bank has had two chairmen in the past three years and is about to get a third. Even CMF has had two general managers since its launch.

To this, Acharya says, "We form a cohesive and friendly group. That is our

Canara Bank's financial services

Canbank Mutual Fund: A trust, with Canara Bank as principal trustee

Canbank Financial Services Ltd: Wholly owned by Canara Bank now, but soon to go public

Can Fin Homes Ltd: Owned mainly by Canara Bank (80 per cent); the rest is with the public



Dealing room: abuzz with activity



Prabhu: visualising an expanding market



Pankaj Desai

strength." S.M. Parande, former executive director of competitor SBI Capital Markets (SBI Caps), attributes it to the "Canbank culture". He notes that ex-chairman B. Ratnakar, under whom CMF started, was "a revolutionary, a rebel who supported innovative ideas and the people who had them". Acharya agrees: "Ratnakar was a dynamic chairman who supported us in all our endeavours."

Ratnakar, who now runs Fairgrowth Group, notes that "while the ideas for starting both Canfina and CMF were mine, they were implemented by those in charge of the schemes. My biggest contribution was in coaxing the talented staff to do their best. Talent needs exposure and it cannot grow in a restricted atmosphere. I picked up talented personnel and helped them flourish in the organisation by allowing freedom in operations. When people succeeded, we projected their achievements."

CMF has its share of critics though. G.V. Ramakrishna, chairman of the Securities and Exchange Board of India (SEBI), for instance, criticises the mutual fund industry in general, criticism which applies to CMF too, for imprecise objectives. He says, "Mutual funds advertise what kind of fund they are raising money for, such as for growth, income, etc. But they do not say what they will do with the money. Where will it be invested? Today, a lot of money is raised for investment in equity, debentures and similar instruments but ends up as loans, working capital, company deposits, etc."

Ramakrishna would ideally like each scheme of a mutual fund to be approved by a regulator, something which is not done now. He also disagrees with the present system which allows a fund to collect unspecified and theoretically unlimited amounts under a scheme. He notes that mutual funds keep collecting funds from the public and use the money to increase liquidity in secondary markets, thereby making them more speculative. It is, he says, like "splashing around in the same pool".

From the funds' point of view, it makes sense to stick to secondary markets, since most new issues are too small and illiquid in the early years to justify investment by mutual funds.

SEBI has been insisting that mutual funds should avoid speculation by transferring shares in their names before resale. Acharya opposes this in concept, arguing that CMF loses the opportunity of a timely sale because it takes at least two months to transfer a share. Though disapproved by SEBI, as is well known in market circles, many mutual funds, including at least one foreign fund, tend to ignore SEBI's insistence on this count.

Although CMF offers products that are nearly indistinguishable from those of its competitors, its aggressive marketing has ensured that its funds have remained far ahead of the pack. The Canstar fund, which quadruples the investor's money after 10 years and yields 12.5 per cent a year thereafter, caught the public's imagination and collected Rs.800 crore. In contrast, the two competing mutual fund schemes with identical offers — Indjyothi from Indian Bank and Boinanza from Bank of India — together collected less than half that amount. Again, in May this year, Canbank launched Canpremium, a scheme like Canstar, with the difference that the minimum investment was fixed at Rs.10 lakh. The target was set at Rs.500 crore; it was achieved in three days between 16 and 18 May.

Speaking about the marketing success of a tax-saving equity linked scheme, Canpep, launched in March this year, Nirmal Suchanti, director of CMF's advertising agency, Concept Communications, says, "It was promoted as a growth scheme rather than just a tax-saving scheme. That made the difference, and helped us end up at number two after UTI. I am sure that CMF would have overtaken UTI had UTI not had special tax advantages."

To a large extent, Canbank's success owes much to the conservatism of UTI and SBI Caps, its major competitors. Both chairman S.A. Dave of the UTI and Parande of SBI Caps argue that they did not come up with five-year doubling schemes not because they felt it was impossible to achieve the rate of return, but because they would rather promise less and achieve more. In retrospect, however, with interest rates having soared since April, CMF's schemes appear to be more and more cannily planned.

Bank managers, in the initial years, were reluctant to advertise CMF's funds. Says Acharya, "They (the branch managers) felt that it would take away from their own deposit base. But we convinced them that if they did not then some other mutual fund would take the same money. In any case the effect has been less than 10 per cent on the deposit base and it has all come out of growth."

Most of CMF's schemes are fixed-income schemes (*see table*). This is because the urban investor (who makes up almost 100 per cent of CMF's clientele) wants fixed returns. Acharya says, "Even if we give 100 per cent return in equity schemes like Canshare or Cangrowth, we



Ratnakar: supported innovative ideas

CANBANK FINANCIAL SERVICES

Top of the big league

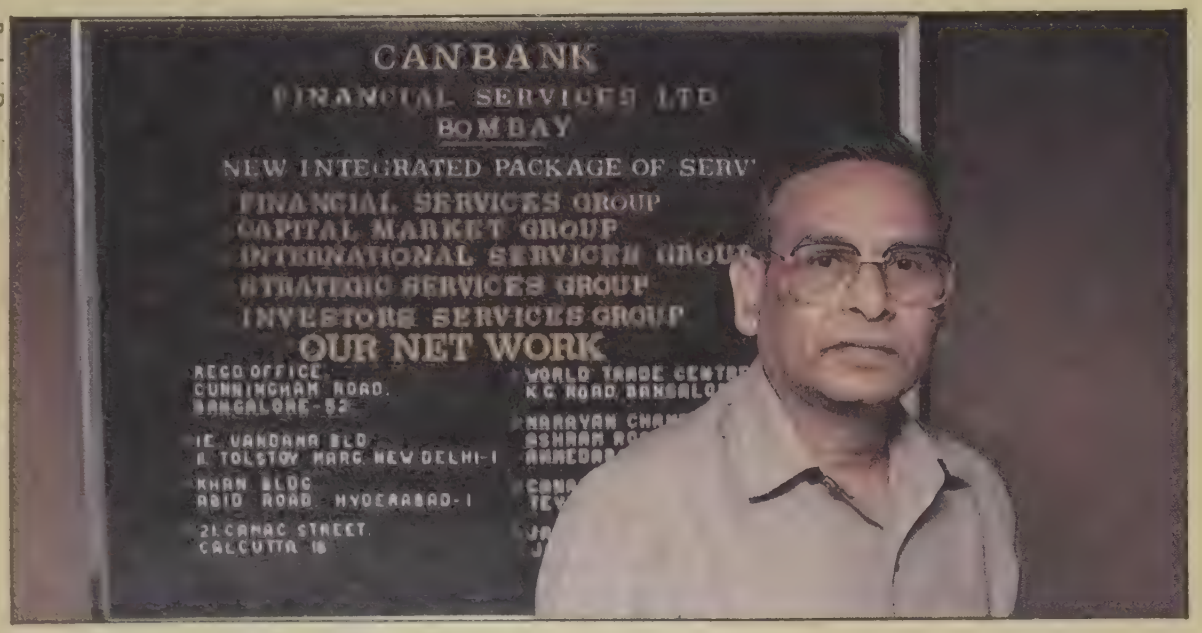
A late start has not affected it much. Set up in 1986, Canbank Financial Services Ltd (or Canfina, for short), Canara Bank's wholly-owned merchant banking arm, quickly topped the major league along with contemporary SBI Capital Markets (SBI Caps). In 1990-91, it was the lead or joint-lead manager in 84 of the 141 public and 59 rights issues that were made. Now, with interest rates high, Canfina itself is soon to go public with a Rs.160-crore public issue of partly converted debentures. That will dilute Canara Bank's share to 60 per cent. Shareholders will get shares at Rs.30 each compared with the book value of Rs.2.89 per share. That said, how good is Canfina ?

While the lending power of its banking arm may have helped Canfina (along with ICICI and SBI Caps) to muscle its way to the top, its functioning still draws praise. "They work like private-sector organisations and are among the best in the business," says M.R. Mondkar, vice-president, J.M. Financial and Investment Consultancy Services Pvt Ltd.

Low margins offset. Merchant banking is a fee-based business with the only risk of loss coming from failed underwritten issues. The post 1985 boom in the capital market removed this risk and ensured Canfina's prosperity. Its gross income rose 50 per cent to Rs.96.42 crore for the year ended March 1991 (*see table*) while net profits rose 49 per cent to Rs.33.75 crore.

Merchant banking makes most of the money for Canfina, but its turnover to total income has fallen from 45 per cent in 1989-90 to 40 per cent in 1990-91. The reason, says executive vice-president K. Mohanan, was the decline in new issues last year (Rs.3,384 crore against Rs.5,868 crore in 1989-90) as well as more joint issue-management involving sharing of management and underwriting fees with more than one merchant banker.

Leasing — Canfina's official business (it is registered as a leasing company) — has compensated for the decline. Canfina's managing director A.P. Rao acknowledges that margins in leasing are low, thanks to ICICI — with its low cost of funds — having come to dominate the field (although this may not continue in the current tight money scenario). But leasing generates large depreciation tax shields, which more than offset the low margins in the business.



Pankaj Desai

Rao: depreciation benefits offset low margins in leasing

Canfina plans to concentrate on leasing, for it needs to earn 51 per cent of its total income from leasing to maintain the status of a leasing company. This allows it to raise public deposits from the market up to 10 times its net worth (Rs.86.81 crore at present). For 1990-91, it issued lease sanctions worth Rs.83 crore, an increase of 63 per cent over the previous year, and plans to maintain the pace, targeting lease income to jump from Rs.36.75 crore to Rs.50 crore in 1991-92 with Bombay continuing to contribute 40 per cent of leasing business.

Hire purchase, which is like leasing except that ownership of the asset (and the attendant tax-benefits arising from depreciation on the asset) is transferred to the lessee, is also a proposed growth area. According to Rao, several recent corporate clients have been reluctant to renew their leases because they want to claim their own depreciation benefits. However, the latest tax-changes in the budget which reduce the depreciation tax shield may well change their point of view.

(Rs in crore)

	Canfina		SBI Caps	
	Mar '91	Mar '90	Mar '91	Mar '90
Profit after tax	33.75	22.58	25.07	18.06
Equity capital	30.00	20.00	50.00	20.00

Investments. Canfina's third major source of income is investments. This includes over-the-counter and odd-lot share trading in about 150 companies, custodial post-issue services (as registrar and transfer agent), stock-broking and investing in capital markets. Its post-issue services are significant. It has more than 1 million folios on hand and acted as registrar to 11 issues in 1990-91. Credit syndication and project advisory services are among its other activities.

Many of Canfina's activities are yet to contribute to the bottomline. The share broking divisions in Calcutta and New Delhi have done poorly. Rao feels that the company will get a substantial business only after it obtains a membership on the BSE.

A Rs.10-crore subsidiary for factoring, (bill-discounting-cum-collection services) has recently been formed with minority shareholdings of Andhra Bank (20 per cent) and the Small Industries Development Bank of India (20 per cent).

A venture capital fund was floated last year. Rao notes that the fund has already committed Rs.5 crore to 18 hi-tech projects. With the World Bank

extending a line of credit for $5 million, another 10 to 15 projects will be financed shortly.

But is such rapid growth manageable? Consider venture capital. At present, the company merely finances projects. It does not provide the other support-services so vital to the success of technology-oriented venture-capital projects, such as administrative and marketing support.

The feeling within Canfina is different. Since a company's financial services cannot be protected by brand names or by tangible asset creation at historical costs, growth is possible only through the entry into new fields.

Retaining personnel is another looming problem. The year 1990 saw the exodus of its executive director and some senior officers, especially in the Bombay office. Whilst R. Kannan, executive director, moved to Standard Chartered Bank along with two senior officers and some junior staff, three other senior staff joined ex-chairman Ratnakar's rival company, Fairgrowth Financial Services.

The Canbank magic. Rao displays confidence when it comes to rebuilding another aggressive workforce. He clearly believes that the Canbank magic that seems to produce good managers will help sustain the company. He notes that when Ratnakar left, many felt that there would be a vacuum. In fact, most professionals in the field believe that current chairman N.D. Prabhu is as successful as Ratnakar.

Rivals, including J.M. Financial's Nimesh Kampani and PNB Capital's Brijesh Koshal, also feel that Canfina's problems are purely temporary and reflect the shortage of personnel in merchant banking generally rather than problems specific to Canfina.

Shitin Desai of DSP Financial Consultants and Kampani, however, believe that Canfina has a long-term problem in that top management rarely stays in place for more than three years — a disadvantage in a risk-oriented business.

Paradoxically, Canfina's expansion plans are in intensive service-related business. For example, there are plans for a mergers and acquisitions (M&A)department. Rao expects slow initial growth as the M&A field remains small, but "whether it makes me a crore of rupees or not, my interest lies in giving it as a service to my customer", he says.

"Investor Service Cells" at smaller centers like Nashik and Pune where Canbank does not have a branch, a training institute and a travel agency — these are a few of the projects Canfina has in mind.

While the menu is diverse and synergies remote, it is clear that the company does not suffer from a lack of confidence. This underpins its growth strategy.

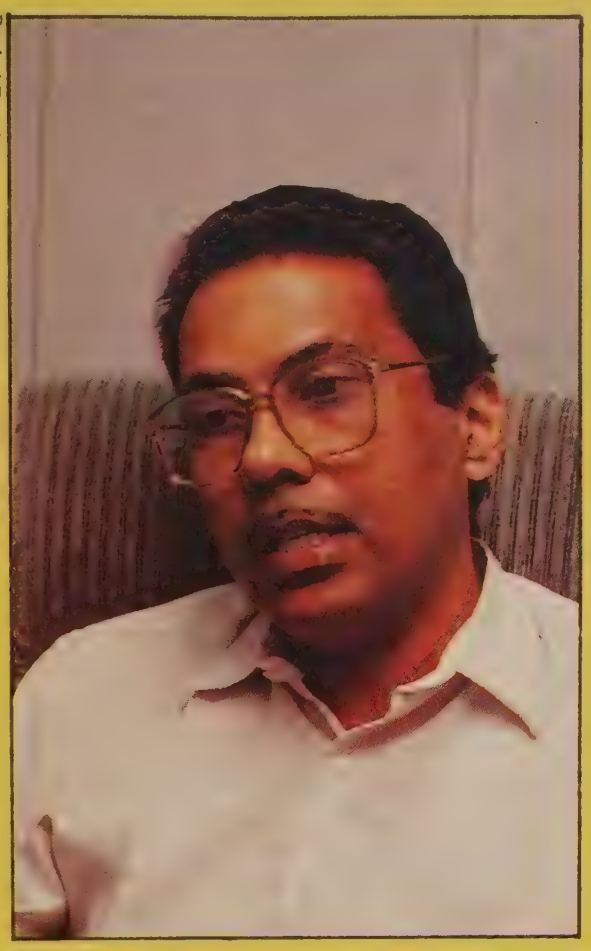
■ MANALI RESHAMWALA

Canfina's Financial Record
(Rs in crore)

	1990-91	1989-90	1988-89
Income	96.42	64.15	34.26
Leasing	36.75	24.97	12.00
Merchant Banking	39.00	28.84	16.32
Investment	13.28	9.79	5.01
Other	7.39	0.55	0.93
Provision for tax	7.25	4.75	2.50
Profit after tax	33.75	22.58	12.70
Equity share capital	30.00	20.00	10.00
Dividend (%)	20*	20	18

** on capital expanded by bonus issue of 1:2*

Pankaj Desai



Mohanan: decline in new issues

will not collect more than Rs.100 or 200 crore. That is why we prefer fixed-income schemes with returns higher than bank fixed deposit rates. And, to keep it inexpensive, we prefer not to go in for monthly payout schemes."

How well are CMF's funds managed? A typical day for Acharya starts with a 10:30 am meeting with his fund managers to discuss the day's trades. And by 12:30, the dealing room is abuzz with activity, as fund managers watch the index and stock price movements on the PTI screens and simultaneously talk on the 96 hotlines to the exchange. By 2 pm, when the BSE closes, shares worth about Rs.60 lakh are usually traded. About a dozen brokers get the bulk of the business, although the fund has 150 active brokers.

Research turnaround from Canbank's five-man research staff is quick; remarkably, despite the fact that all recommendations need an okay from Canbank's Central Office Committee in Bangalore, a recommendation received from a broker can be normally converted into a trading decision within 24 hours if necessary.

Such speed raises questions about the poor quality of research that such a quick turnaround could imply. Is it possible to pick a scrip in a day and commit several crores of investors' money to it when fundamental analysts often commit days of painstaking research?

Acharya is quick to defend the Canbank style. "We obtain information from a variety of sources, including research reports from brokers. Why should we invest on plant visits and the like, when we do well as we are doing?" he asks. "We

Harsh Man Rai



BSE: shares worth Rs.60 lakh traded

want a lean organisation." Paresh Khandwala of the stockbroking firm of Jayantilal Khandwala (which is a Canbank broker and intensively researches stocks for them) agrees with CMF's approach.

Of late, Canbank has not been active in stockmarkets, thanks to more profitable opportunities in money markets, particularly the overnight call money market. However, it has bought heavily in the run-up to the most recent boom that has taken the BSE to a new high.

The firm also believes in "churning its portfolio", that is, in buying and selling shares over short periods of time in order to realise profits. The average holding period of the firm's market investments is a mere nine months — with new company shares being held for a longer period than old company shares — compared with over five years for UTI.

The risk is that churning may just raise brokerage costs without raising profits, as any long-term investor in blue-chips can testify. This is especially true in a rising market.

Canbank Mutual, then, is the new

"Our schemes have created history"

N.D. Prabhu, Canara Bank's chairman and managing director talks to Business India's Devaprasad Purokayastha and Manali Reshamwala on the success of Canara Bank's offspring



What is the secret of Canbank-Mutual's marketing success?
Our innovative schemes and liberal income distribution policy have actually created history. Our investors have got good returns. Besides, marketing starts with the design of the scheme itself.

How do you motivate your fund managers?
Our concept is: given the freedom, the required authority and reasonable responsibility, people excel. In other words, 'innovate, improvise and excel' is our culture. A simple and flexible working environment provides the freedom to experiment and seek success.

Then why have several key personnel quit recently?
While we are happy that people working with us are in demand, there is no dearth of competent workers in the organisation.

The initial schemes of Canbank Mutual were undersubscribed by 80 to 85 per cent. Your comment.
The concept of mutual funds was new at that time. Today we have not only rural investors but also the urban elite. Besides, our results have boosted investor confidence and loyalty leading to record breaking collections.

Is it true that Canpremium was pre-



marketed before its official launch?
Of course, for any scheme marketing efforts begin before its launching.

What is your fund's investment strategy?
All our funds are well diversified in the primary, secondary and call money markets. Today, we concentrate on the call money markets because the rates offered are lucrative.

What new schemes are being planned?
We are now planning one for the benefit of children's education and also a pension-type scheme. Schemes specific to regions and popular abroad are also being planned.

Why is Canfina planning to expand more into leasing which is not a profitable activity?
Leasing provides a steady income with the scope of a good future, given the banks' liquidity problems. The key to profitability is a low-staffed organisation. Leasing activities at our Bombay branch are managed by a senior vice-president and a loan officer. They handle 40 per cent of the all-India business.

Does Canfina benefit from being linked to a bank?
No. Merchant banking is regulated by SEBI.

What is the future for Can Fin Homes?
It will continue to perform impressively. At a conservative estimate of Rs.50,000 per dwelling, the resources required to eliminate housing shortage by the year 2,000 is Rs.2,00,000 crore. Surely, there is enough scope for the existing and the new housing finance agencies coming up.

What is the future of financial services in India?
They have been transformed with new instruments, schemes and institutions. When markets expand, new trends surface, changing conditions create new wants that must be satisfied and unusual occurrences offer unexpected opportunities. I visualise an expanding market for innovative and diversified financial services.

whizz kid on the block. At this stage, it is perhaps too busy enjoying its success. It raises funds in a market where its credibility with investors is at a peak. It deploys them in a tight money market with rising interest rates, making returns of 15 per cent a year a snap, and an equity market where the combination of inflation and strong domestic demand will ensure returns of at least 20 per cent a year for the next five years.

Which is just cosy. But, in the meanwhile CMF has some thorny problems on its hands. The first is its high personnel turnover rate. Despite CMF's claims to a corporate culture that encourages success in financial services, its best and the brightest seem to leave much too frequently. After all, why would one stay in a public sector bank at a fixed grade when the private sector offers much more? Or when going on one's own is a more attractive proposition?

Then again, promises made today may seem unreasonable in tomorrow's harsh light. As Parande asks, "Do you think you can predict the rate of interest 10 years down the road? I don't really think



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THE RAZOR'S EDGE QUIVERS.
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FOAM GUSHES ONTO YOUR PALM.
FEEL THE FRESHNESS
WHISPER AGAINST YOUR FACE.
SAVOUR THE RICHEST LATHER
EVER TO MEET SKIN.
SCENT THE SENSATION
OF ITS EXHILARAT'NG FRAGRANCE.
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CAN FIN HOMES

Racing ahead

Since its inception in December 1987, Canara Bank's Can Fin Homes Limited (CFHL) has grown at an amazing 100 per cent annually and stands second only to the mammoth Housing Development Finance Corporation (HDFC). It now plans to maintain its scorching growth by expansion, having opened five new branches since last August for a total of 23 branches spread over eight states and two Union territories. The target is to surpass Rs.1,250 crore in loans disbursed by 1995.

By March 1991, it had sanctioned Rs.237 crore to finance 25,000 single-family homes. This was financed by public deposits that rose from Rs.66 crore in March 1990 to Rs.107 crore by March 1991, Rs.50 crore from the National Housing Bank (NHB), other lines of credit and equity of Rs.10 crore (20 per cent of which is held by 120,000 individuals). Net earnings were Rs.3.82 crore or Rs.3.8 per share in 1990-91 and dividends were 22.5 per cent, up from 10 per cent in 1989-90.

"A fine achievement," comments B.R. Ratnakar, former chairman and managing director, Canara Bank (under whose tenure CFHL was introduced). Commenting on its innovativeness, CFHL's general manager, M.R. Prabhakar (soon to join HDFC's Gujarat Rural Housing Corporation as its general manager), adds, "We were the first to offer 20-year loans, exceeding HDFC's 15-year scheme, thereby reducing the payout burden on customers."

NHB's crucial role. Maurice D'Souza, CFHL's managing director, notes that



D'Souza: most borrowers are small

75 per cent of borrowers are small, with loans below Rs.1 lakh. NHB is a crucial part of CFHL's success here. For loans below Rs.1.5 lakh, including for renovation and upgradation up to Rs.30,000, NHB provides 100 per cent refinance to CFHL and other qualified housing finance corporations at interest rates between 1 and 2 per cent below CFHL's lending rates.

NHB also refinances loans to builders and developers, which account for 20 per cent of CFHL's business, at a similar spread. With such narrow spreads, loan recovery (currently stated at 99 per cent) is the key to profits.

Long-term risk. This dependence on cheap funds from NHB is a risk since NHB's new chairman, M.J. Pherwani, has publicly said that he favours higher lending rates in order to maintain the health of NHB.

Speaking to *Business India*, he noted that higher rates need not, in turn, drive housing finance companies into the red as these costs could be passed on to borrowers. Meanwhile, to make housing schemes more attractive, the government could consider other subsidies rather than interest rate subsidies, such as tax-breaks or land subsidies.

The Home Loan Account (HLA), operated by qualified housing finance institutions (including, recently, by CFHL) is another source of cheap money. Investors who tie up their funds for five years at 10 per cent per annum can thereafter borrow up to four times the saved amount at a premium rate of between 10.5 and 14 per cent, compared with a normal range of 12.5 and 18 per cent.

The question is whether investors will be enthused by the combination of future borrowing power and a low interest now (compared with three-year fixed deposits in a regular bank, for example, which earn 13 per cent).

The other risk is loan default. An analyst with a competitor firm who preferred anonymity, implied an underlying problem with recoveries when he noted that "the future of CFHL depends upon its approach to recoveries and they should focus on that aspect of their operations. That and resources: CFHL must handle growth in a manner that is tempered with a sharp focus on resources and recoveries. They should resist playing the numbers game under which high growth figures make attractive reading".

Nevertheless, with its outward expansion begun, CFHL's superior marketing skills will undoubtedly help it to easily surpass the lacklustre performances of the housing finance units of Punjab National Bank in the north and State Bank in the east. Of course, as CFHL's first managing director A.K. Shetty notes, housing finance has few players and growth should be no problem.

A fitting epilogue to CFHL comes from Sridhar Subasri, a deputy general manager of Vysya Bank, who says, "The demand for housing finance is so large (estimated at Rs.100,000 crore) that growth is not a problem, managing it will be."

its possible because all the instruments you have are for around seven years (like debentures). Today, I can be sure that the debentures I've bought will give me a certain yield. But to presume that, at the end of five years, it will become double and our interest rate then would continue to be 12.5 per cent is perhaps too strong an assumption. For example, if in that time we were to become a Germany or a Japan then we will have problems because in the market the interest rates would have gone down. Even if today's moderate inflation continues, we might not have the same interest rate."

Another risk is private sector competition and liberalisation. By the end of 1991, the private sector will be allowed to compete with the existing mutual funds. That is when, as Ramakrishna argues, the public sector will really feel the heat. At present, he says, "mutual funds are a protected species".

The fourth risk is CMF's preoccupation with growth in asset size. As the fund becomes larger, the ability to manage the quality of its portfolio will become increasingly difficult.

These risks do not seem to disturb those who run the fund. It already has over 100,000 investors and expects to end 1991 with about Rs.4,000 crore of investible funds. It is, as Acharya says, ready to face all the challenges that liberalisation will bring. "We are ready," he says, "to be judged on our performance."

■ RAFIQ DOSSANI, DEVAPRASAD PUROKAYASTHA and MANALI RESHAMWALA

SUNDARAM FINANCE

In the giant's lair

India's largest and most successful finance company continues to power ahead despite being criticised often of being too conservative. But some changes might be on the anvil

A giant is taking a small step in the direction of change. Sundaram Finance Ltd (SFL), the country's largest finance company, which, till now, had stubbornly marched to the sound of its own conservative beat resisting all urges to step out of its beaten path of financing hire purchase, is now looking sideways at possible new ventures. It has teamed up with GIC and the State Bank of Mysore to set up a proposed financial services subsidiary. "We want to handle issue management, mergers and acquisitions as also do portfolio management, investment counselling and tax planning," says T. Ramabhadran, the managing director of Sundaram Finance.

For the Madras-based company, this, no doubt, is a major departure from established trend. But would it change SFL's basic image as a hire purchase company? Seems unlikely, at least during the life time of chairman T.S. Santhanam, the founder, who at 78, is still very active. "I set up the company 37 years ago to make money available for road transport industry at low rates. We are involved in the welfare of the truck and bus operators. This is our basic philosophy," he says.

And Santhanam will be true to his words if one goes by precedents. In 1981, when SFL went into leasing, it was among the first few hire purchase companies in the country to realise that leasing activities would help its tax planning. But despite the all-round boom in the industry, SFL has consciously restricted its leasing exposure to less than 10 per cent of its total annual disbursement.

Does SFL need to make any drastic change in its corporate philosophy? Would its 9,000 shareholders and 200,000 depositors, who consider the company safer than most banks, want this change? If its continuing success in its traditional business of hire purchase is anything to go by, an emphatic 'no' would be the answer.

This year, the company surpassed its own record on all fronts. Hire purchase payments shot up to Rs.241.84 crore against Rs.181.15 crore in the previous year. The stock on hire zoomed to Rs.380.87 crore compared to Rs.278.47 crore in 1990. In deposit mobilisation, the company scaled new heights by crossing the coveted Rs.200-crore mark, up by 19-per cent from the previous year. Profit after tax jumped 30 per cent to Rs.12 crore.

SFL rides like a colossus in the hire purchase industry dwarfing virtually every competitor. After 35 years of existence, Sakthi Finance had a stock on hire of Rs.69.03 crore last year with Rs.3.19 crore as PAT; 60-year-old Motor & General Finance, the oldest in the business, had a stock-on-hire of Rs.92 crore and a PAT of Rs.4.86 crore; Nagarjuna Finance's corresponding figures were Rs. 40.62 crore and Rs.1.71 crore; while truck giant Ashok Leyland's own finance company Ashok Leyland Finance, Madras, had figures of Rs.82.14 crore and Rs.3.19 crore respectively.

SFL is part of the giant TVS group, which, until it went into auto ancillary manufacturing in a big way, was in automobile sales and service and marketing auto spares and ancillaries. And Santhanam, the son of the group's founder T.V. Sundaram Iyengar, was known as the financial brain and the planner of the group. He built up one of the most



SFL's office: a colossus in the hire-purchase industry

profitable insurance companies in the world, Madras Motor and General Insurance, which was subsequently nationalised.

Santhanam, who had established good rapport with transport operators on the strength of the group's marketing network, recalls how they were being exploited by the money lenders. "They put a lot of pressure on me to start a finance company," he says. And so Sundaram Finance came into being in 1954 and has been a leader for more than three decades.

SFL was not the first company to come up in the corporate sector to finance the transport operators; the Delhi-based MGF has been in the business for over six decades now. But SFL has always been looked upon as a pioneer because of Santhanam's contributions towards developing the higher purchase industry.



Santhanam: staunch conservative

Santhanam, considered the father of the hire purchase (HP) industry in the country, had strong connections with the State Bank of India and the Reserve Bank. It is well known that SFL has always managed to influence the RBI policies for HP business, and in doing so has done a lot of good for the industry, setting standards for the rest to follow. Says Kailashmull Dugar of Deccan Finance Ltd and the president of South India Hire Purchase Association, "We are very happy to follow the lead of Sundaram Finance."



Ramabhadran: "We use funding sources within limits"

Competitors concede that SFL has single-handedly strived to give HP business corporate respectability. But they lament the fact that the company has not ventured beyond its original business. "You cannot judge SFL by what it has done. That is there for everybody to see. You have to evaluate it by what it has not done. SFL is not a trend setter in the emerging financial super market. It has introduced no new financial instrument. SFL is not innovative," comments one of them.

The company's experience outside the field of hire purchase has been limited and the results mixed. The cumulative value of its own leased assets in the last ten years has been only around Rs.110 crore. A subsidiary company, India Equipment Leasing Ltd (IEL), floated in 1986 by SFL (55 per cent equity) with SBI (30 per cent) and International Finance Corporation, never really took off. Its total receivables as of March 1991 was only Rs.36 crore, of which Rs.17 crore came in 1990-91 alone. Though this compares rather poorly with the company's rapid strides in hire purchase, SFL managers think otherwise. They say it is a steadily growing business and slow growth is a reflection of the abundant caution with which it chooses clients. But critics contend that this is an indicator that IEL is not very comfortable in the leasing business.

In fact, despite being flush with funds it is only in the last two or three years that SFL has felt the need to become a player in the short-term money market. "Inter corporate markets are very volatile. However, not using such markets would mean that we are losing opportunities. We have self-imposed ceilings and use these funding sources well within limits," says Ramabhadran, who joined SFL three years ago, bringing with him a wealth of experience from the SBI and some new thinking. SFL also placed two commercial papers worth Rs.10 crore each last year. It was the first finance company to do so.

Ramabhadran can also claim credit for setting up the financial services subsidiary. The capital for the new company is expected to be Rs.2 crore, with SFL holding 51 per cent shares, GIC 35 per cent and SBM 14 per cent. The project is awaiting various clearances. In typical SFL style, the management prefers to maintain a low profile about the new venture till every formality is completed.

This kind of conservative approach is ingrained in SFL management. It genuinely feels that it is answerable only to its customers (the transport operators), its depositors, and its shareholders. All these groups have done well under the SFL umbrella.

SFL has believed in building up a personal rapport with the transport operators — the hirers. They have been treated as an extension of the family of the company. "Our culture till today is personalised service at the doorstep of the customer," declares G.K. Raman, joint managing director, who has devoted a life time to HP business. The personalised service extends to helping the operator with banks, insurance claims and so on. Says R. Paranthaman, a transport operator based in Madras, "My family's association with SFL goes back 35 years. We

would not think of going to any other finance company."

The company also scores with transporters because prudent financial management helps it charge lower interest rates from clients. This is then topped with excellent pre-and after-sales service. Pradeep Gada of Sri Ram Dev Roadlines in Bombay, for example, has a Rs.25-lakh limit with SFL which has helped finance six of his trucks. He earlier had an account with Abhudhaya Co-operative Bank. Says he, "I shifted because doing business with SFL is cheaper. While the bank charged me 16 per cent, SFL charges only 12.75 per cent." SFL's rates in fact are cheaper than most other finance companies who charge up to 14 per cent.



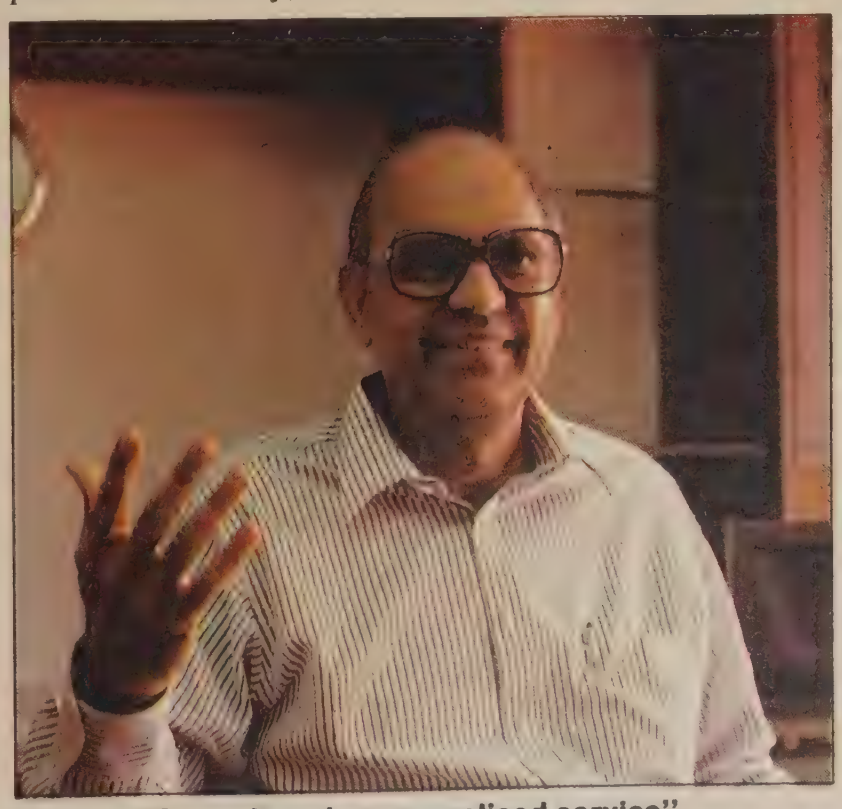
Raghavan: deposits are SFL's strength

As for service, according to N.L. Gupta, managing director of Caravan Roadways and president, Bombay Goods Transport Association, "Their service is prompt not only while giving credit but also afterwards. Other companies take two months to terminate the contract after the loan is repaid, SFL does this within 15 days. This is significant for the borrowers as it relieves the asset from hire purchase under the law." He also points to the fact that if there is a delay in repayment in one particular month, SFL is not very rigid and does not take overdue charges like other companies do. "If we are two days late, SFL adjusts the account if we pay the next instalment two days in advance," Gupta says. Adds Gada, "We have a family like relationship. It is credit at the doorstep."

The company has, over the years, developed an extremely efficient collection machinery, with 63 branches and a field officer for every 200 to 250 contracts. They are expected to contact every hirer. "We have believed in giving all our field staff company-maintained vehicles, so they will not have any excuses for not being in touch with the hirers. Our chairman thought of that from day one," says Raman.

Why has SFL confined its activities to the south and the west? This is seen as another sign of SFL's conservative approach to business. "We feel that we should have knowledge of our customers. We don't have it in the north and the east," explains Raman. It was only in 1983 that SFL decided to enter the western region. It took two years to study the market and educate the operator.

But today, SFL is certainly doing well. Its stock on hire in the west is Rs.80 crore with hardly one per cent of carry-over arrears. In Danabunder alone, the transporters' central place in Bombay, SFL has financed about 500 trucks. In the whole of western India, SFL's Bombay branch has so far financed about 6,000 trucks.



Raman: "Our culture is personalised service"

SFL's continued prosperity also no doubt, depends on it loyal family of depositors numbering over 200,000. The practice of putting money in fixed deposits is particularly south Indian and SFL more than any other company has been successful in attracting them. In fact, till recently, it had to put in occasional advertisements in the newspapers to announce that it cannot accept further deposits. It has, in some cases, three generations of depositors. "We have depositors in far flung places like Meghalaya and Andaman & Nicobar Islands," says S. Raghavan, the other joint managing director, who has spent his entire career with SFL.

Over the years, SFL has taken many special steps to serve the depositor better (again setting standards for other companies). For instance, SFL was the first company to introduce a bi-monthly scheme of interest payment so that the depositor will not have tax problems. Permitting premature withdrawal of deposits, working out a scheme of loans by which a depositor can take an advance of 90 per cent of the deposit amount for one per cent extra interest are some of the innovations SFL has introduced for the convenience of the depositor. P. V. Raman, chief executive of Apple Credit Corporation, Bombay, says that his company has learnt to service the depositors from SFL.

The 9,000 shareholders also have reason to feel pleased with SFL. When established in 1954, the capital of the company was Rs.2 lakh. In 1991, the net worth is around Rs.42 crore. Bonus shares account for 92 per cent of the capital of SFL. No other HP company has been able to do it. SFL has, of course, an unbroken record of dividend payments. After a 30 per cent dividend last year, this year despite a 1:1 bonus issue, the company rewarded its shareholders with a 25 per cent dividend.

But in spite of its impressive track record and obvious contributions, many finance industry sources exhibit a sense of exasperation with SFL. It is very difficult to like a leader whose attitude is "What is good for SFL is good for the industry." There are many instances where the industry feels that SFL's practices are too

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rigid for the industry to follow, and it hampers newcomers.

Take the case of middlemen, for example. SFL does not have any or brokers either in the HP business or for deposit mobilisation. No incentive of any sort is offered to solicit business, something which no other finance company has been able to follow. But since the HP industry more or less follows the interest rates set by SFL, and the other companies still have to offer incentives, it eats into their profits. And if SFL succeeds in increasing interest payment for deposits (following increase in bank rates), it will inconvenience the other companies further because they will have less to pay for middlemen.



Gateway to prosperity, with no middlemen

The company's conservatism extends to its accounting practices as well. SFL follows the written down value (WDV) method for calculating depreciation in the balance sheet. This method provides accelerated depreciation by which profits are suppressed initially. The Straight Line method, SFL feels, unnaturally boosts profits and misleads shareholders.

Leasing industry sources claim otherwise. "It is easy to provide depreciation in an accelerated form when only 10 per cent of your business is leasing. SFL can recoup the extra depreciation through tax benefits. But newer leasing companies, which have no tax provisions, cannot afford to do this," they say. Critics claim that SFL, through conservatism of this nature, creates problems for new leasing companies specially in the south where shareholders tend to think that what SFL does is the standard for the industry and anything else might be suspect.

There is also a feeling that SFL tends to interpret the RBI rules very narrowly and with the clout built up over the years, the RBI accepts what SFL says. "Today, HP is a mature business and SFL has played a major role in establishing it as such. SFL should now work to liberalise the norms of the industry like raising the bank limits of borrowing from 10 times the net worth of the company to may be 15 times. And do away with the rule which says 10 per cent of the net worth of the HP company should be kept as reserves in a bank," says an emerging competitor.

It is difficult to imagine SFL accepting such criticism. And does SFL think that more liberal norms for the industry is necessarily a good thing? Apparently not. In fact, it revels in its image of the conservative straightforward solid southern company.

Under the circumstances, SFL's foray into financial services is bound to provoke a lot of interest. A huge resource base, high credibility and a massive reach has always provided the company an envious position in the finance industry. It has a ready clientele in 10,000 depositors who are medium and high net worth individuals. The south-based medium and large companies would be more than willing to use the services of SFL. The kind of retail network SFL, along with its partners GIC and SBH, possesses is tremendous. So SFL can become a big player in other financial services as well, observers say. But would it want to, is the moot question.

■ SUSHILA RAVINDRANATH

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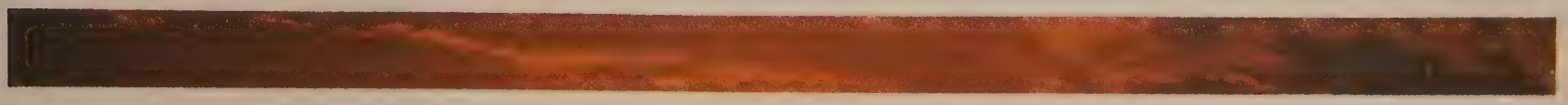
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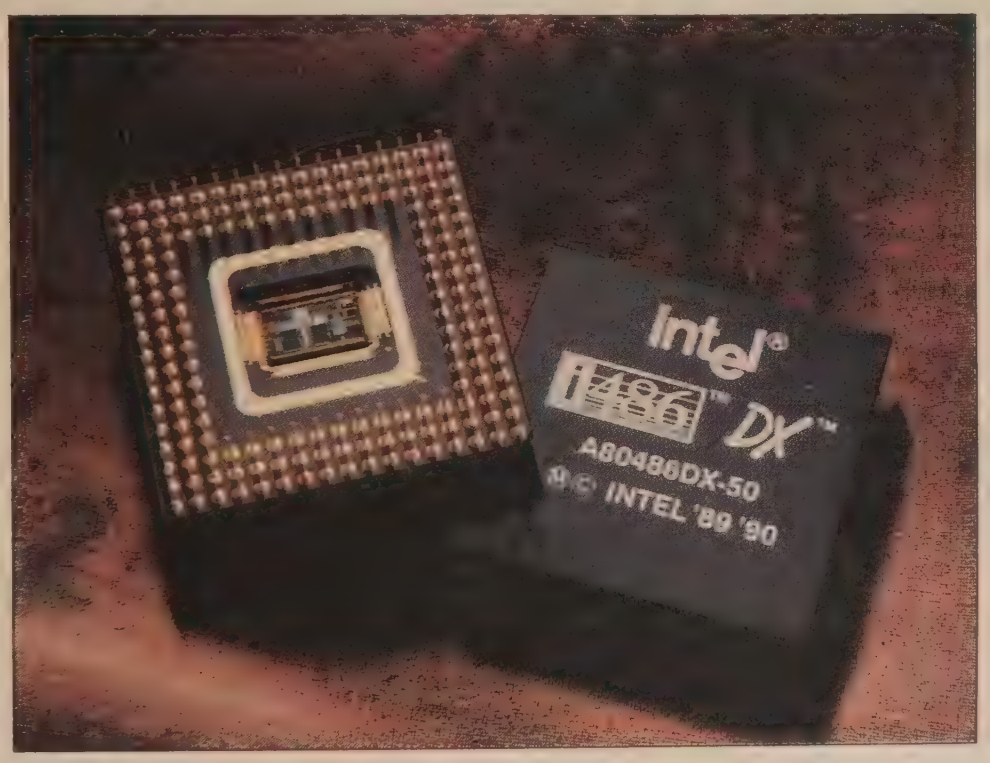
Taking cognisance of India

Announcing new microprocessors almost as fast as they can compute, the nventor of the silicon chip is paying more attention to the Indian market

Vikram Modak is a happy man these days. And with good reason: as direc-or, southwest Asia, of Intel Asia Elec-ronics Inc, he has just managed to stablish a "clear conduit" to bring the atest in microprocessor technology — to ndia, by linking his office in Bangalore o the Asia-Pacific network of Intel Corp, JS. From now on, his customers here in ndia will be served from Hong Kong, nd not California.

"The regional headquar-ers in Hong Kong have the echnical resources and a aboratory," he says. "All 've have to do is to get on the lhone and ask them for solu-ons to any problem."

Any new information re-ased in the world today is ow available in India al-nost simultaneously. "So roducts too can be released t the same time," says Modak. For example, very on after Intel introduced s i486 microprocessor chip n December 1989, DCM Data Products and Wipro ere using it in new i486-ased computers. These two ompanies were among the rst in the world to do so. ays Veer Sagar, CEO of DCM-Data roducts, "As a Beta site (ie, an organisa-on selected by Intel to test its new prod-cts under real working conditions), we et advance information on Intel's prod-ct plans. So we can launch products in ndia simultaneously with their launch in ne US." Another example of this in the unch of DCM-DP's Cosmos super mini-omputer based on the Intel 80486 chip.



The Intel486 DX chip: superfast computing

astest chip ever

nd in June this year, Intel launched the 60XP or RISC (reduced instruction set omputing) chip. It packs over 2.5 million ransistors and is the fastest thus far. Modak, who announced its launch in ndia simultaneously with the announce-ent in the US, Europe and other world narkets, explains that the 64-bit i860XP combines supercomputer performance and microprocessor technology to accelerate the development of high-end computing systems."

Just two months earlier, in April 1991, Intel had launched the i486SX, a 32-bit chip which has brought mainframe and minicomputer performance to the desktop at an affordable system cost of less than $5,000. It simultaneously announced the 487SX, an optional upgrade which speeds up mathematical computations more than five times, and the 82350DT, a new EISA (extended industry standard architecture) chip set. With the latter, manufacturers can build low-cost computer systems using only 43 components, but which are capable of reaching minicomputer performance levels. These chips have already been despatched to select manufacturers in India for sampling, and commercial shipment will begin in the last quarter of 1991.

The computer industry grew rapidly in the Asia-Pacific region last year, touching total business worth $500 million, thereby overtaking even that of Japan's. If the airliner industry had grown at the same rate, Modak points out, "we would be having planes flying at 500,000 miles an hour"!

The Indian computer industry is also growing rapidly, and Intel is today paying more corporate attention to i business, and helping manufacturers increase their exports. Industry observe agree that exports are essential for dynamic growth, as the domestic market is necessarily limited, however much it grows in percentage terms.

Intel, which developed the first commercially marketed microprocessor, called the Intel 4004, in 1971, claims that 80 per cent of personal computers worldwide are based on its components. And in 1990, its revenue went up 25 per cent to touch a record $3.9 billion, of which the fourth quarter alone accounted for $1 billion.

No challenge

Intel has announced a 35-per-cent increase in earnings in the second quarter of 1991, while arch rival Motorola has reported a 25-per-cent drop in overall April-June earnings though its semiconductor business recorded a 6-per-cent increase in sales. In India, Intel does not face any challenge from Motorola as the latter's considerable presence is only in the communications sector.

Surprisingly, though, Intel's India office — set up in late 1988 — accounts for only a 35-per-cent share of markets, even for components which it is supposed to manufacture exclusively. The rest is imported in the form of kits, and comes from what Modak euphemistically describes as "other sources". He obviously means smuggling.

What will bear watching now is how the new tie-up between another worldwide competitor, Hewlett Packard, and leading Indian computer manufacturer HCL Ltd affects Intel's performance, and Modak's personal commitment to double his company's business here in 1991. Because, while HP has landed with both feet in the Indian market, Intel may well be stymied by the fact that it has no manufacturing facility or tie-up, but only a liaison office which is not permitted to carry on any revenue generating activity.

■ SEKHAR SESHAN

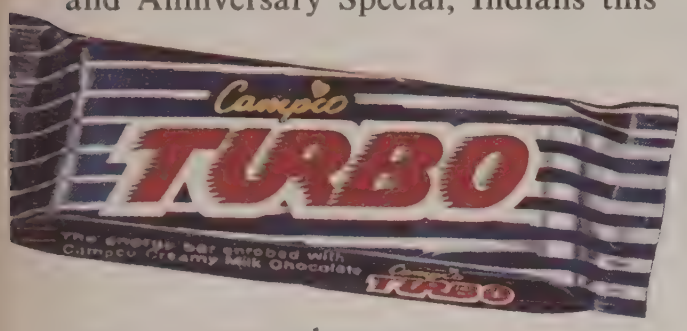
CHOCOLATES

The sweet story

Despite being categorised as a luxury item and having to face impediments such as soaring prices of ingredients, the industry is breaking new ground

At a time when chocolates — the cholesterol-rich vice — is taking a back seat in the health conscious West, chocolate makers in India are biting firmly into the hitherto traditional sweetmeat market. Chocolates say it better — be it Diwali or a birthday party. There is a chocolate for every occasion and for every age group. From ordinary milk bars and crunchies to the more exotic fruit and nut, roasted almonds and the latest soft centred designer chocolates — chocolates just swarm the market, offering over 50 varieties to choose from.

Enticed by names as interesting as Jamaican rum and raisin, Treat, Playtime and Anniversary Special, Indians this



year are expected to consume over 10,500 tonnes of chocolate and spend over Rs.100 crore on them. More than ever before, today, many in this business are extremely happy over their burgeoning bottomline. Market leader Cadbury India Ltd sold chocolates worth Rs.75 crore last year, up by 15 per cent from 1989-90. With an over 60 per cent share, it continues to dominate the market as it has for the last 40 years. Companies like Amul, Campco, Parry's and Nestle are constantly endeavouring to grab a larger piece of the cake which is growing at the rate of 15 to 20 per cent a year. Says C.Y. Pal, chairman and managing director of Cadbury's, "More and more people are coming into this industry to provide a healthy competition for us. Also, the market is growing large enough to accommodate us all."



The latest entrant is Britannia Industries, the country's largest company dealing in foods. It has tied up with Lotus Chocolates based in Medak, Andhra Pradesh, a company recently promoted by south Indian film actress T. Sharada, to market the chocolates they make. The growing chocolate market is even attracting manufacturers outside India. Both Mars and Hershey, two of the world's largest confectioners, recently sent teams to visit India to assess the market potential for their products.



One reason for the growth in this industry has been the growing middle-class with a sizeable disposable income. The new generation too contributes in a way, by acquiring a taste for chocolates. But according to statistics, an average Indian spends much less on cocoa products than on any other food. While in India the per capita consumption of cocoa is still a few grams per year, in the UK for instance, this works out to nearly eight kg a year. Says Vineeta Bali, general manager, marketing, Cadbury's, "These figures can be quite misleading, but if taken in the proper perspective, it shows a vast potential for us."

Amul stepped into the market in 1980 with six varieties of low priced chocolates. Among the better known are Amul orange, Amul crackle and Amul bitter. Initially, their aggressive marketing challenged the virtual monopoly of Cadbury's and threatened to carve for themselves a neat 20 per cent market share. Subsequently, however, they began to lose their edge and settled with a 13 per cent market share.

The success of one egged several others on. Campco Ltd set up a plant in Puttur, Karnataka in 1986, to manufacture 13,000 tonnes of chocolates a year. The company had all the basic ingredients for success — a secure raw material base (its own cocoa plantations) and sound technology from Denmark and Italy. But it was a marketing failure. Laments M.S. Mudnur, managing director of Campco: "Our decision to manufacture white chocolates at that time was wrong." And today, the company derives much of its Rs.12-crore annual turnover out of leasing part of the production capacity to Nestle.

Nestle's international parent is one of the world's largest confectioners. But it was only last year that the Indian subsidiary decided to make a grand entry into the local market. The company bombarded the national television network with a powerful advertisement. With its strong brand image and experienced marketing set-up, Nestle has already dented Cadbury's market taking away about 6 per cent of their market share, despite the fact that its limited manufacturing capacity made its chocolates available only in Bombay and Pune. Cadbury's had finally found a worthy rival.

Nestle is now working to extend its marketing to Delhi as well. But it will be a while before its chocolates are available all over the country. Says Ravi Wahi, manager, corporate relations, Nestle, "We have a well equipped distribution chain — from the point of manufacture to the retail outlets, to guarantee quality products. Hence, we prefer to restrict our distribution only to those outlets which have refrigerated storage."

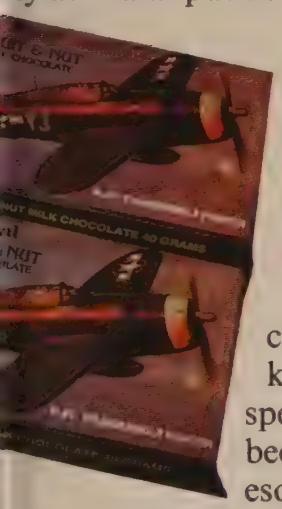
However Cadbury's refuses to acknowledge Nestle as a major competitor yet. Says Bali, "They are far too small for us." But ever since this multinational's arrival in the market, Cadbury's has launched several new products in the premium end of the market, say, Classic Selection, All Silk, etc, seemingly to take Nestle head on.

Competition between the two multinational giants is acquiring newer forms every day. If Nestle offers a free pack for five empty wrappers, Cadbury's counters by giving a free Hotshot camera for 40



wrappers. "We sold a year's stock of Cadbury's in barely two months," says a manager of Sahakari Bhandar, a department store in south Bombay. The Cadbury's scheme has been so effective that it is well worth watching Nestle's next move.

Like Amul in the early eighties, Nestle has given a new impetus to the chocolate industry today. But in the battle of the giants, it's the smaller manufacturers who experience the squeeze. While Campco has hired part of its production facilities to Nestle to survive, Sathe, an old-time Pune-based manufacturer, has moved out of the competitive retail market to cater only to five-star hotels where they supply the product in bulk. Dr Writer's, another old-time manufacturer, which is part of the Apte group, has also opted out of the race, having concluded a deal with Cadbury's to hire its manufacturing facility at Malanpur in Madhya Pradesh.



But companies like the Taj group of hotels has proved that, in the absence of a strong brand image and a large sales force, one can always tap special niches in the market. Taj's range of speciality chocolates has been a big success. With esoteric names like Florida Truffle, Grande Menthe, Brandy Creme, Taj is famous for its range of 16 different flavours of moulded chocolates meant mainly for the elite. Priced anywhere between Rs.200 to Rs.400 a kg, these are available only at Taj outlets in Bombay. Their success has led to a series of rival products like Choco Swiss in Delhi and Chocolat in Pune, Campco in the south and Overtures by Cadbury's in Bombay.

Taj's success in Bombay is also an indicator of the fact that despite burgeoning sales, chocolates are still essentially products that sell largely in major metros. A perishable commodity, it needs to be stored in constantly cool temperatures. Hence, distribution is particularly tricky. In fact, at 10-15 per cent of the total cost, distribution is as expensive as production. This is why the chocolate industry has not developed widely outside cities like Bombay, Delhi, Madras and Bangalore despite the eagerness of manufacturers.

Another impediment in the way of growth is the high cost of raw materials (mainly milk, sugar and cocoa). The price of milk, which alone constitutes 40 per cent of the raw materials cost, has shot up tremendously in the last two years. Also, the government has traditionally treated chocolates as a luxury item and hence the industry does not get the benefits that are available to other agro-based industries.

According to P. Chakrabarthy of the National Dairy Development Board, Anand, the makers of Amul chocolates, "The government can help the industry by giving a fillip to cocoa growers and by rationalising the various taxes. If the taxes are made cumulative, then chocolate prices could defintely come within the reach of all." Today, the minimum one pays for a bar of chocolate is around Rs.5. "We are compelled to pass on the increase in cost of production to the consumers. As a result, profit margins are falling," says Bali.



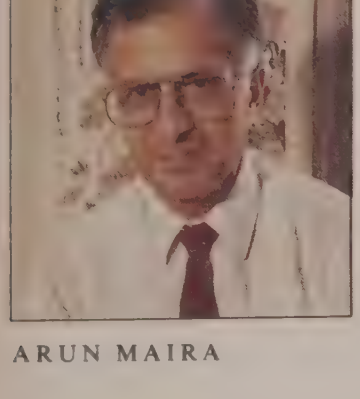
Despite the high prices, chocolates will still be very much a part of the urban Indian's daily life in the coming months. With the new entrants waiting to grab chunks of the delectable market, and the oldtimers straining to clutch on to their share of the goodies, the Indian consumer can look forward to tasty times.

■ SHAMPA KAR



CHOCOLATES

Towards high performance



ARUN MAIRA

Finally, we came off our high horse and down to earth. We are in the growing line of countries that are desperately competing for markets in the developed world to earn the resources needed for modernisation and growth. South East Asia, Latin America, Eastern Europe and now India. At the same time, the Indian government, like governments elsewhere, is stepping out of the marketplace. The ball is being passed on to the heads of our business organisations. Whether India makes it in the international marketplace will be much more a question of whether Organisation A in India has higher performance than Organisation B in Mexico than the export promotion schemes in these countries. An increasing number of chief executives all over the world are concerned with understanding what constitutes a high performance organisation; more significantly, how to develop one faster than their competitors.

Common characteristics

Excellent organisations in different industries share many common characteristics: focus on customers and a propensity for teamwork. The universal applicability of organisational development (team building, attitude change, etc) type programmes across all functions has resulted in a market for such programmes, many of which are currently sold under the 'quality' banner. Like good physical fitness programmes, these improve the sense of wellbeing in the organisation as also performance. However, there is a growing body of evidence, anecdotal and researched, that such "programmatic change" often does not produce results in areas that really matter — or not fast enough.

High-performance organisations develop unique abilities and build businesses around these core competencies. For example, Honda has developed several successful businesses around its core competency in engines. And Sony has leveraged its competency in miniaturisation.

But all successful organisations like Honda and Sony also have most of the universal characteristics referred to earlier. Therefore, high-preference organisations have both universal characteristics of organisational excellence and focused abilities related to their businesses.

Core competency is necessary but not sufficient for business success. Ricardo Engineers in the UK are known for their expertise in engines and are consulted by auto manufacturers from all over the world. Honda and Ricardo Engineers both have core competencies in engines. But they are in different types of businesses. Product development, including engineering and manufacturing, is a key process for Honda and manufacturing a principal value-adding function, but not for Ricardo Engineers. Hence, organisations with the same co competencies, may need strengths in different pr cesses and organisational functions.

Key factors

Organisations are created to carry out some mi sion, to meet some social and/or business need. A most always they must do this in competition wi others. It is necessary for an organisation to co tinuously redefine the need that it must fulfil, ar how well it does so relative to its competitors. must also improve the process by which it delive its outcome — product or service — to fulfil th need. The questions are "What are the critical su cess factors for our organisation?" and "What ar the key processes which determine our perfo mance?" The key processes may be common fo all firms in one industry but would differ acros industries. Organisational improvement pro grammes must first address these issues.

The next step is to determine the principal fun tions (or units) in the organisation involved i these key processes. These functions have to carr out activities integral to the process. They ad "value" as the process proceeds to its outcom For example, engineering is a principal function i the products development process. These func tions have to comprehend and improve the overa process, understand their roles in it and clarif their interfaces.

Direct and indirect involvement of the variou functions with the key processes selected for im provement can be determined. Enhancement o the capability of these functions must be the high est priority.

Enhancing the capability of a function can re quire two types of actions. The first is improvin its specific functional capabilites — its technica skills, its equipment and its functional processes The second is the development of internal tean working skills, performance review procedures etc. The former are specific to the function. Th latter are applicable to many or all functions of th organisation. One could think of the former as th skills required to play the game, differing wit games, and the latter as physical fitness, require for all games. The recipe for improvement re quires both types of ingredients. A good diagnosi should lead to an integrated plan to provide th required inputs.

Whether India makes it in the internationa marketplace and whether some Indian companie will make it even within the more competitiv domestic market, will depend on how well an fast Indian firms can improve thei performance.

The author is a senior consultant with Arthur D. Little Inc. Cambridge. Massachussets in the US

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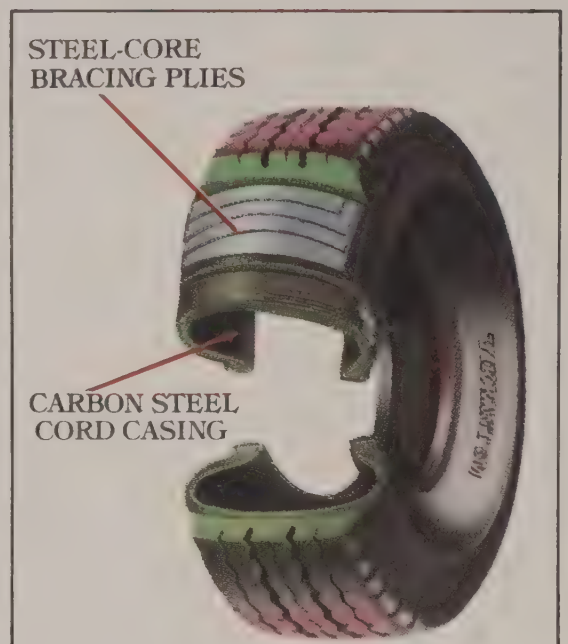
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NEW OIL POLICY

Missing the obvious

Among other things, the new government must first address the problem of the growing energy crisis. In fact, import of petroleum products largely contributes to the overall import bill and the resulting deficits. Thanks to the IMF loan, the immediate crisis may be averted. However, unless we take some hard and even unpopular decisions on our energy front, a long-term solution will be impossible.

Our energy problems stem basically from two things — first, lack of long-term planning and second, too much emphasis on the government's view to retain "notional" control and keep energy and related industries in the public sector. The performance of some of the key "energy" producers such as ONGC looks good on paper, though it leaves a lot to be desired in actual practice.

Stagnant production

The requirement of petroleum products has been growing at well over 5 to 6 per cent per year. Indigenous production, which took a quantum leap in the late seventies and early eighties as a result of the Bombay High discovery, has remained stagnant at about 30 million tonnes per annum (mpta) in the last five years. In fact, due to political problems in the North East and some internal problems related to field operations, total crude oil production has reportedly fallen by about 2 or 3 million tonnes this year. However, consumption of petroleum products has been steadily rising. This year it is expected to reach well over 55 million tonnes. The gap between consumption and indigenous production is increasing every year. This year it is expected to be 28 million tonnes, costing the country over Rs.10,000 crore in foreign exchange to import .

There are three main issues which need to be addressed:

Are we using petroleum energy efficiently?

What do we need to do to increase supplies?

How can we properly utilise flared natural gas?

It is well established that Indian industry is in general highly energy intensive. Basically, there are two stages of conservation. In the first stage, we need good house-keeping; from simple things like turning off lights when not required, to properly insulating steam lines. It is estimated that such house-keeping discipline can save 10 to 15 per cent of overall energy consumption. This would cost industries nothing — only an appropriate monitoring system would need to be initiated.

Monitoring required

In the second phase, a number of energy-saving devices such as an air preheater in the stack gas and more efficient heat exchange schemes can be installed in any existing industry. Such measures can also save another 10 to 15 per cent of the overall energy consumption. However, an extensive energy audit backed by some investments would be necessary to implement this second stage. To promote these conservation measures, it would be necessary to devise a system of monitoring backed by financial incentives in terms of tax write-offs for investment.

External efforts in oil exploration need to be made both more intensive in areas already explored and more extensive to cover new ground

No significant new discoveries have been made in the last 15 years. If this trend continues, in another five years we may well be faced with a gap of over 50 mtpa of petroleum products, rising to 75 mtpa by the turn of the century. The question before us, therefore, is to see at least how this gap can be narrowed. Are the current exploration efforts by ONGC and OIL enough? Awarding of areas for exploration to multinationals itself is a recognition of the fact that external efforts in oil exploration, therefore, need to be made both more intensive in areas already explored and more extensive to cover new ground. Abroad, the bulk of new discoveries have been made by small and medium-size independent oil companies. These companies can work more effectively in India with participation from the private sector.

It is believed that the Indian private sector is both technically and financially ready to participate in complex areas like oil exploration. They can effectively combine with small and medium oil companies and intensively explore the Indian basins. Large multinational companies have been known to move away from small discoveries. The second aspect is quicker development of already discovered fields. The government and therefore ONGC are facing severe financial problems. Development of already explored fields like Neelam at Bombay offshore and Gandhar onshore in Gujarat has slowed down significantly. This slowdown cannot be in the short or long-term national interest. ONGC can work out joint development programmes with Indian public, NRIs, etc. An innovative approach to raising finances must be adopted.

Behind schedule

Exploration programmes of several highly prospective areas are significantly behind schedule again, possibly due to the financial crunch and general delay. For example, the exploration drilling programme in the Gulf of Cambay which can be considered to be an extension of the already promising Gandhar field is delayed by over two years. It is understood that the tender is being reissued.

In addition to crude oil, ONGC has discovered fairly large quantities of natural gas in both Bombay High and onshore Gandhar fields. Natural gas has been discovered both as associated gas which is produced along with crude oil and as free gas produced from gas reservoirs, and can be produced as required. Since our country is short of petroleum products, crude oil — especially from Bombay High — must be produced at optimum rates.

As a result, we produce large quantities of associated gas. While liquid petroleum products can be transported by pipeline, truck, or railway wagons, natural gas which occurs in gaseous states requires a highly capital-intensive dedicated pipeline. Accordingly, distribution of natural gas requires a good deal of advance planning.

Recognising this, the government has

set up a number of committees to establish gas utilisation and planning of distribution networks. The committees have made their recommendations and some of them have already been implemented. This method has proved highly inadequate as natural gas production has been constantly changing. For example, when oil production from Bombay High reached its peak in the mid-eighties, only half of the present quantity of associated gas, ie, only about 20 million cubic metres/day (mcmd) was being produced. The committees set up by the government to establish gas utilisation have always concentrated on major users, namely fertiliser, power and to a lesser extent sponge iron. Even though the Gas Authority of India Limited (GAIL) was formed specifically to market natural gas, we are burning about 14 mcmd of natural gas valued at well over Rs.2,000 crore.

In all the planning efforts of natural gas utilisation, emphasis has been placed on bulk utilisation for fertiliser and power. While it is accepted that the primary users must remain, it must also be borne in mind that these projects require very large investments. Coupled with the investments required for natural gas transportation, the investments become astronomical. For example, investments required for the offshore pipeline to bring South Bassein gas to Hazira and the HBJ pipeline from Hazira to transport natural gas to Madhya Pradesh, Rajasthan and Uttar Pradesh were well over Rs.3,000 crore. The six fertiliser and three power projects planned along with the pipeline would add another Rs.10,000 crore. At no time in the last decade, and even more so in the present, does the country have the capacity to make such large investments in one sector. As a result, three fertiliser projects are yet to come up and the other three have come up only after much delay.

Castles in the air

It is understood that a new scheme is being devised to utilise flared as well as additional available gas for large projects in north India at transportation costs estimated at well over Rs.10,000 crore. This does not include costs of new fertiliser and power projects which would be necessary to absorb natural gas. Such schemes are only comparable to building castles in the air and have as much chance of succeeding. It is feared that flaring natural gas worth over Rs.2,000 crore per year will continue. Lessons learnt in last decade seem to be completely ignored.

What then is the answer? We seem to be missing the obvious. Importing of petroleum products causes a big drain on the economy. Natural gas can substitute most petroleum products in their use: fuel oil for industrial use, LPG and kerosene for cooking and lighting, gasoline and diesel in the transport sector. The second point is that the users are available both in Maharashtra and Gujarat, and so we can save petroleum products as well as improve overall energy efficiency by co-generating power and heat.

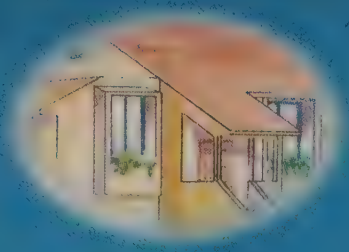
We are spending over Rs.10,000 crore on importing petroleum. The government must, therefore, take immediate steps to formulate a more realistic oil policy and implement it at the earliest

The Gujarat government, it is understood, has offered to bring natural gas from offshore and put it to immediate use within the state without any support from the Central government. We should not ignore a proposal of this nature for relatively highly capital-intensive proposals. Given our dire financial state, we have to concentrate on the fact that we are spending over Rs.10,000 crore on importing petroleum. The government must, therefore, take immediate steps to formulate a more realistic oil policy and implement it at the earliest. While formulating the revised policy, the new government should consider and incorporate the following issues:

- Our industry and transport network is highly energy-intensive, and schemes appropriately backed by financial incentives and monitoring agencies need to be immediately considered.
- India is still highly under-explored. Rather than leaving exploration to ONGC and OIL — the Central government agencies — an aggressive policy need to be initiated whereby:
  - Where marginal pools are discovered but not developed, they must be immediately farmed out to interested parties for development. Farming out such pools is an accepted international practice.
  - Exploration activity must be significantly increased to discover and develop presently known resources of hydrocarbons. The past practice of formal rounds has proven to be highly time-consuming and cumbersome. It would, therefore, be advisable to keep the prospective areas open for negotiations with interested parties on a continuous basis. The areas can be identified after ONGC and OIL are given their areas.
- To ensure proper implementation of the work programmes, negotiate contracts, collect and store data, and obtain new data as desirable, a monitoring group directly reporting to the petroleum ministry would be desirable.
- The Indian private sector has shown its willingness to participate in exploration activities. In the exploration field, there are a number of Indian private-sector companies operating in the areas of seismic data acquisition, drilling, etc. These companies are given price preference. Similarly, not only should the Indian companies get participation but also encouragement in the form of certain incentives to participate in such activities. Indian companies can save valuable foreign exchange for the country and also raise capital for exploration outside of government sources.
- Natural gas utilisation which is by and large reserved for large power and fertiliser projects must be freed for industrial use, thereby replacing petroleum products and saving valuable foreign exchange. To ensure quick absorption of natural gas into the system, the following needs to be done:
  - Free the restrictive practice of allocating natural gas only to large users. Industries using petroleum products willing to convert their existing industries to natural gas must be given necessary priority.
  - Gas transportation is expensive and requires large capital investments. Wherever possible, private-sector participation should be encouraged.
  - Like crude oil, there are a number of undeveloped small and marginal gas fields. Private sector firms interested in developing and making the necessary marketing arrangements for natural gas must be given encouragement and allowed to develop and market natural gas under an overall policy framework of pricing.

■ AJIT C. KAPADIA

The author is the managing director of Hindustan Oil Exploration Co Ltd



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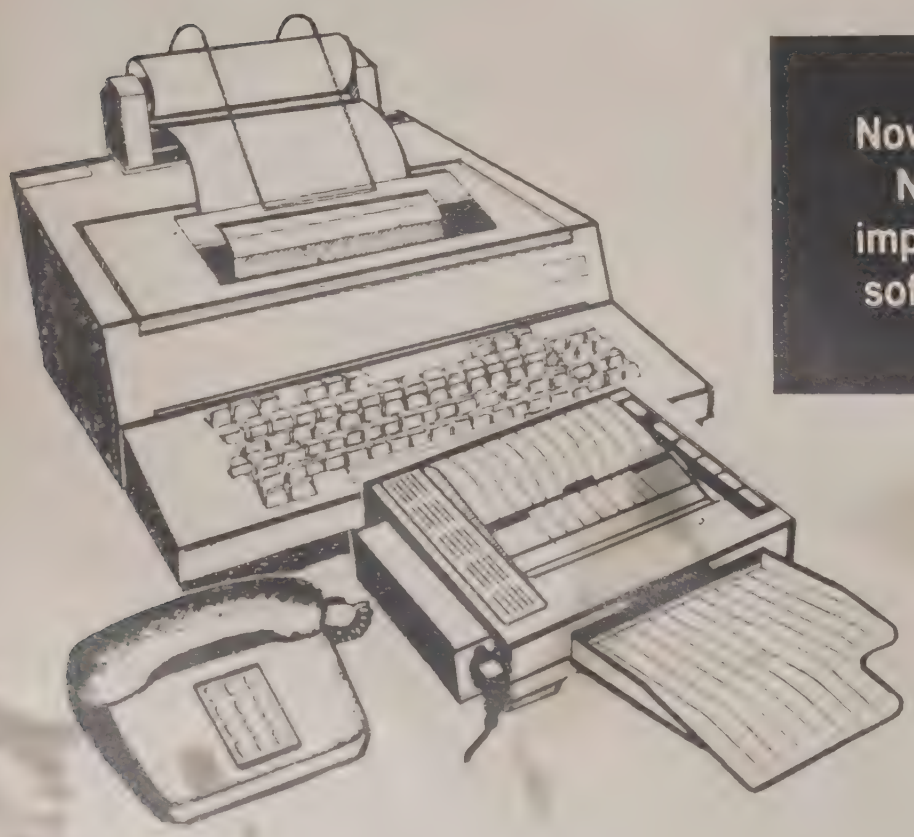
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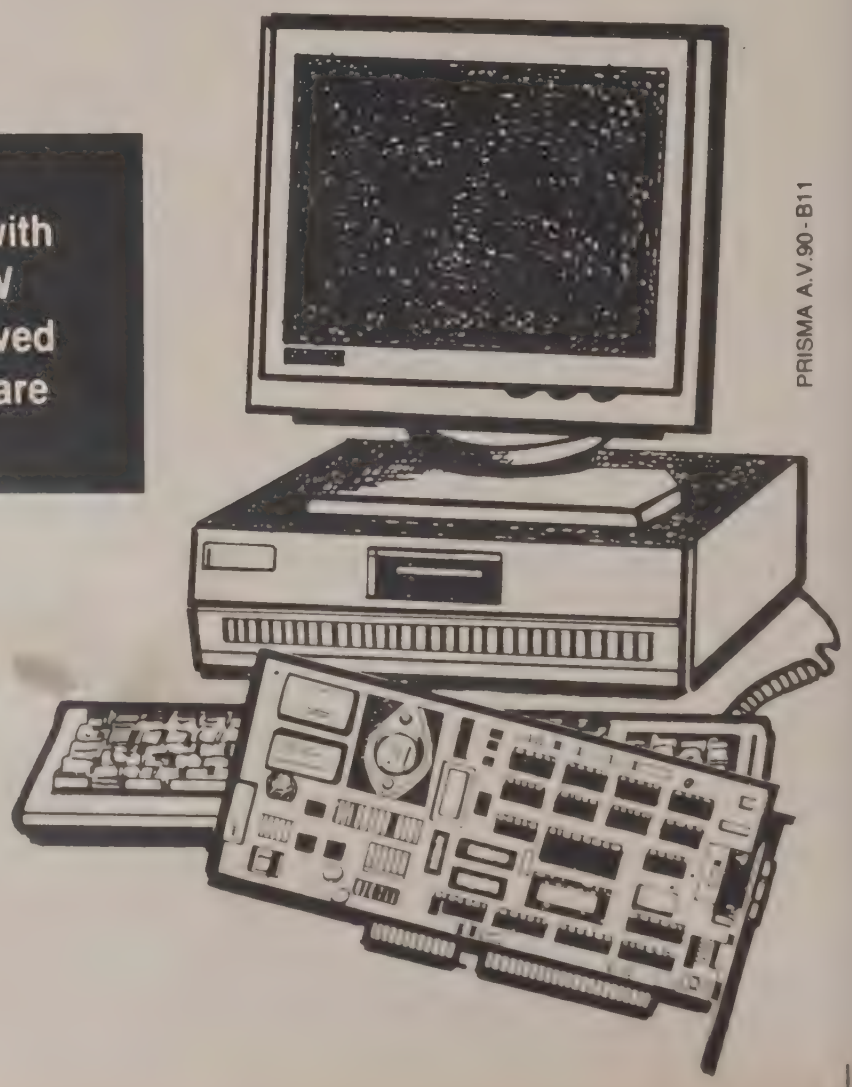
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LEVER VS VELVETTE

Storm in a sachet

In the southern shampoo market, a battle for supremacy is on, but market leader HLL is not going to give in to competition from the SSI, particularly when they infringe trademark rights

The smaller the packaging the bigger the bucks. Amongst the first to latch onto this marketing concept was C.K. Rajkumar whose Velvette shampoo sachets raised a storm in southern markets when they were first launched. The uniquely packaged Velvette, priced at Re.1 per sachet, outsold many established names, picking up an astounding market share of 16 per cent in that region.

Last month, Rajkumar found himself in the eye of a different kind of storm. This one has been raised by market leader Hindustan Lever Ltd which recently secured an injunction from the Madras high court against three small-time shampoo manufacturers who supply to Pharma Care Ltd, Rajkumar's company. Godrej Soaps Ltd, which distributes Velvette, has been named co-defendant.

The multinational claims that Rajkumar has played dirty by cloning the design, colour and logo of their heavily advertised and successful shampoo brand, Clinic Plus. Lever feels that the striking similarity between Velvette Plus launched 18 months ago and their brand is no coincidence. Both are blue packs with a cross symbol, show a picture of a family and have the 'Plus' sign in their brand names.

Purely coincidental

Rajkumar feels that these objections are unfair. "Ours is a steel grey package unlike Clinic Plus which is light blue. Everyone has a right to use a family picture. Besides, the cross is barely visible on their package." H.K. Press, Godrej Soaps' marketing chief echoes this view. "There are no similarities between the two," he maintains.

Despite this defence the court has ruled in Lever's favour. Velvette has been asked to withdraw the offending pack and refrain from using the four features that are distinctive to Clinic Plus. The case begs the question as to how a small regional entrepreneur become a force to reckon with for a multinational giant.

Rajkumar can be considered the sachet pioneer. A qualified medical doctor, he entered business on his father's death who left a legacy of a shampoo formulation. According to Rajkumar, this is a low-tech product that is eminently suited for small-scale manufacture. His only innovation was therefore the packaging.



Rajkumar: 'I have helped the consumer'

Though nowadays Rajkumar drives around in a Mercedes Benz, his beginnings were humble. He recalls the days when he used to pedal around on a bicycle trying to hawk his product. Velvette was clearly aimed at the middle segment. Its low price pack was meant to induce those who used soap to try out and eventually switch to shampoos.

Until 1987, Velvette remained only a regional brand, despite a marketing tie-up entered into with Voltas in 1981. The turning point was when Godrej came into the picture and took up Velvette's distribution and marketing in right earnest. In 1988 Velvette went national. And it gradually expanded its range to six varieties. Though Rajkumar is reluctant to reveal details, the estimated turnover of Pharma Care is around Rs.10 crore and there are more than 100 units manufacturing Velvette shampoos.

Currently, Velvette's 16 per cent market share in the south has almost caught up with the market leader's. Clinic scores 19 per cent and Lever's other brand, Sunsilk, has a 16 per cent share in the south.

'Unfair' advantage

Being in the small-scale sector, Velvette enjoys an excise advantage over larger manufacturers. Indeed Velvette's success spawned a host of new brands made by small entrepreneurs whose cheap products began to nibble into the market share of the established names.

Though unremunerative for Lever, which pays a whopping 110 per cent excise duty, it was forced to enter the booming sachet market in 1988. At Rs.2.50 for a 10ml sachet, Sunsilk was pitched against Velvette which had managed to hold its price down at a rupee. Subsequently, Sunsilk reduced its pack to 5 ml, pricing it at a rupee to match Velvette's price. "My success really lies in making Hindustan Lever come down to one rupee. I feel I have helped the Indian consumer," says Rajkumar.

According to him, the multinational hasn't been playing fair in the past and has been using its clout with retailers to stop them from displaying his product. Velvette has succeeded despite this. Which is why, perhaps, Rajkumar appears unfazed by such head-on confrontations.

■ SUSHILA RAVINDRANATH

AYURVEDIC REMEDIES

An untapped potential

Nature cure is back. And though demand for both ayurvedic remedies and raw herbs at home is not much, a large exports market is opening up

With a growing number of side effects associated with chemical drugs, there is a worldwide trend to go back to nature cure. Can the ancient Indian system of herbal medicine, ayurveda, therefore benefit? Perhaps, but there are several problems.

If they can be surmounted, there is very good scope for Indian ayurvedic remedies as well as raw herbs, both of which are exported. According to the Basic Chemicals, Pharmaceuticals and Cosmetics Export Promotion Council (CHEMEXIL), India exported Rs.3 crore worth of ayurvedic remedies last year. The sales were to over 53 countries, the largest buyer being the USSR, which imported goods worth Rs.1.18 crore. Some of the most popular products were Liv 52, a medicine for impaired liver functions; Zandu balm, used to combat colds; Dakshna churan, a digestive, and Chavanprash, a general health tonic.

Precious resource

The export of herbs however outstrips that of ayurvedic remedies, and amounted to Rs.87 crore last year. "We should not export raw herbs, because it is a precious resource which is being taken away very cheap from the country," says H. Karstein, exports manager at Himalaya Drug Company. "We need to do some preliminary processing here, so that value is added and employment generated." Isapgol, a laxative, is the major raw herb being exported (about Rs.40 crore annually), primarily to the US.

"The potential for export of ayurvedic remedies is tremendous," says K.M. Parekh, director, Zandu Pharmaceutical Works, one of the largest ayurveda manufacturers in the country. According to one estimate, "The potential market for herbal products is worth £4,000 million annually." Starting in 1910 with a 500 sq. ft. factory in Parel, Bombay, Zandu now has five factories and sales of over Rs.20 crore.

The most crucial problem facing exporters are the food and drug regulations in various countries. Explains Karstein, "They ask for the chemical composition of the remedy and the chemical structure of each ingredient. You can't do that with a herbal-based remedy. It's possible only if you just mix chemicals."

Another problem is the supply of raw materials. Over 400 herbs go into ayurvedic preparations and most of them are collected in the wild. The lack of even one herb can mean that a whole range of products cannot be manufactured. Locating the herbs is becoming more difficult because of deforestation. Zandu has set up a foundation to do reseach on the cultivation of herbs. "But the task is difficult and time consuming. We may need one type of root which takes three years to reach the size of three inches. Will it be economical when cultivated?" asks Parekh.

He feels that encouragement from the government could help matters. "In China doctors in public hospitals have to first try a Chinese remedy. Only if it doesn't work do they shift to chemical drugs. Such a policy has meant a wide acceptance of the remedies, and the opportunity to do field research. In India, though there are over 75 teaching institutions for ayurveda in the country, there is very little research and testing." Government assistance is also called for, he points out, since ayurvedic medicines are made from locally available herbs and do not require any raw material imports as in the case of allopathic medicines.

It was only in 1969 that the Indian government constituted the Central Council for Research in Indian Medicine and Homeopathy. But an attempt is now being made to speed up matters. CHEMEXIL is currently in the process of bringing out a book on medicinal plants used in India because foreigners are still unaware of the full range of products available here. According to executive director K.C. Menon, the book will include the nomenclature, historical aspects, pharmacology, clinical usage, etc of selected Indian plants.

Surveys carried out by CHEMEXIL have indicated that there is a tremendous potential for export."I feel that we can easily export up to Rs.20 crore worth of ayurveda remedies annually," says Menon. What is needed is an all-out effort to spread awareness abroad about these local remedies. And, of course, encouragement from the government.

■ MIRA SAVARA

Pankaj Desai



Saffron being ground: tremendous scope for export

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Back to the rain god

The increasing dependence of crops on an erratic monsoon pattern can throw this year's agricultural output out of gear

If anything can upset the finance ministry's carefully designed programme to correct inflation, it will be a reduction in agricultural output. This fear is close to coming true with delay in the arrival of the monsoon over the crucial north-west Punjab, Haryana and Uttar Pradesh, the belt that produces a large part of the country's agricultural surplus.

About 70 per cent of the cultivated area is rain fed. This makes crop output vulnerable to weather fluctuations. Among the kharif crops, 43.6 per cent of the area under rice has access to irrigation whereas only 19.8 per cent under oilseeds cultivation does. "Output of these two crops will certainly be affected," says an agriculture ministry official.



In the last 20 years, more and more areas in the north west plains have been brought under rice cultivation, mainly for its remunerative value

On the dot

With three consecutive years of good monsoon, prospects for a fourth good one seemed dim. The Indian meteorological department, nevertheless, did predict a timely monsoon, though marginally below normal (an average of 88 cms of rainfall is considered normal). Right on prediction, the monsoon arrived in Kerala only a day behind schedule while in Bombay, it was actually a day early.

Subsequently, things proceeded normally till 15 June this year, then stagnated until 11 July. The ministry of agriculture decided to wait and watch until 20 July. Because, as K. Rajan, joint secretary, department of agriculture, says, "Thereafter, signals for crop variety shifts were to be issued and other contingency steps were to be effected. But now that the monsoon has commenced its normal course, these measures are redundant."

The delayed monsoon will doubtedly have an adverse impact on agricultural output. Bajra had already been sown in Haryana in anticipation of the monsoon, and its output is likely to be affected. In Rajasthan, bajra sowing itself has been on a much smaller scale this year.

Gujarat's groundnut crop has had to bear the brunt of the delayed monsoon. To compensate for this loss, mustard will have to be grown in adequate amounts in the rabi season. All this calls for determination of proper price signals by announcing appropriate procurement prices.

The overall rainfall is estimated to be 94 per cent of the normal with a variability of 4 per cent. As on 10 July, only 17 out of 35 meteorological divisions had received excess or normal rainfall, monsoon was expected to be normal. By 24 July, the situation changed. Now 21 out of the 35 divisions have received excess or normal rainfall.

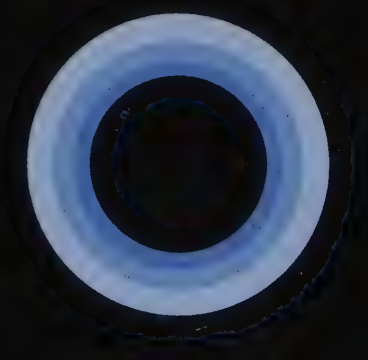
In the last 20 years, more and more areas in the north west plains have been brought under rice cultivation, mainly for its remunerative value. Under the circumstances, paddy with its relatively higher water requirements will add to the already existing pressures on water resources. According to S.K. Sinha, professor at the Indian Agriculture Research Institute, any delay in transplanting paddy will mean an extension in its ripening period and lower productivity.

Related problems

A related problem is the sharing of the water required for paddy and that required for wheat in the following rabi season. As ground water replenishment will be adversely affected, it becomes imperative to communicate the right signals to farmers if varietal shifts or crop shifts are to be made. For instance, the signal to grow *sathi* instead of *basmati* which has a 60-day cycle. Sugarcane and cotton grown in the Deccan Plateau have not suffered greatly as the rains have been plentiful.

In addition to the drop in output of kharif is the fact that market arrivals for wheat, as on 21 June, 1991, were much lower than last year. While 11.15 million tonnes arrived in the markets last year, the corresponding figure for this year is only 8.67 million tonnes. The amount procured by the government was 10.72 million tonnes last year and this fell to 7.74 million tonnes this year. This may also have been due to the withholding of stocks by the farmers in anticipation of a change in government policy.

■ BEENA JOSHI



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RIVATISATION

s it constitutional?

he privatisation of Uttar Pradesh State Cement Industries by its sale to almia Industries has raised several pertinent questions

he sweep of liberalisation that is oc- curring, has set off certain questions lating in the constitutionality of some these measures. After all socialism is an ject of our constitutional endeavour; nd how can measures designed to dis- antle the socialist legacy square with nstitutionality? This question has isen recently in connection with the pri- atisation of Uttar Pradesh State Cement dustries (UPSCI) by its sale to Dalmia dustries.

This pioneering act of pri- atisation has prompted sev- al articles by academics, cluding a short but tren- nant polemic by professor pendra Baxi, presently vice- ancellor of Delhi University hich seeks to question its nstitutional *vires*. The gist Baxi's argument is that the onstitution is required to be mended at least in respect of rticles 38, 39 and 43A (Di- ctive Principles) and the Pre- mble is further required to be mended if privatisation laws e to be passed.

It must be remembered that nlike the UK where judicial view of administrative ac- n is very limited and con- ned to technicalities nnected with the preroga- e writs, the Indian Supreme ourt acts remarkably like the S Supreme Court inasmuch it has extensive power of judicial view.

There are two powerful arguments for rivatisation, one on doctrinaire grounds limiting the scope of the state for liber- rian and other reasons; the other, which presently in the fore, is on grounds of ficiency. The public sector is widely seen a drain on public resources, that these dustries are being run almost exclu- ely for their workers and not for con- mers and tax payers. Today the needs economy and curbing the inflated bud- tary deficit is the most compelling rea- n for privatisation. If that is so, can ch legislative acts be challenged and on what basis? It also needs to be stated that there would be no shortage of persons to challenge such measures if such measures have adverse implications on employment in the short term.

The basis for the argument that privatisation can be challenged is the view that the Constitution, in the words of Baxi, "envisages a state regulated capitalism, not primitive accumulation of capital at all social costs." Baxi refers to the First Amendment in 1951 which expanded Article 19(6), the range of "reasonable restrictions" which vest the state, by law, to carry on "any trade, business, industry or service, whether to the exclusion, complete or partial, of citizens or otherwise."

The interpretation adopted by Baxi is that nationalisation even when it "annihilates altogether the rights of the citizen is constitutional". He enlists the support of the observations and ruling of the Supreme Court in Akadasi vs Orissa (AIR 1963 S.C. p.1047). This judgement concerned the challenge by a *kendu* leaf grower to the state acquisition of a monopoly in the *kendu* leaf trade. It is pertinent that Baxi almost exclusively relies on the interpretation of Article 19(6), termed the First Amendment, and observations in this judgement. The point being that this judgement is itself a controversial one. Noted jurist H.M. Seervai has attacked the reasoning of the judges at length. At any rate, as much seems to turn on an interpretation of this judgement it is perhaps useful to set out the issues.

The petitioner in the case challenged the Orissa Kendu Leaves (Control of Trade) Act, 1961 on the basis that the Act contravened Articles 19(1) (f) and (g). The Supreme Court was called upon to decide the affect of the Amendment to Article 19(6). The unamended Article 19(6) is of no interest to us. The substance of Article 19(6) is that it provides that "Nothing in sub-clause (g) of the said clause shall affect the operation of any existing law insofar as it imposes, or prevent the state from making any law imposing, in the interest of the general public, reasonable restrictions on the exercise of the right conferred by the said sub-clause and in particular, nothing in the said sub-clause shall affect the operation of any



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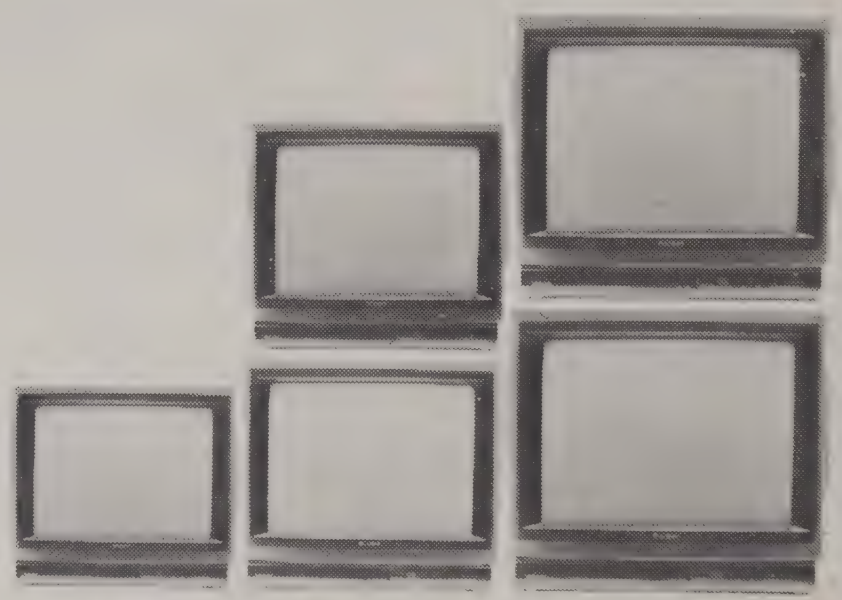
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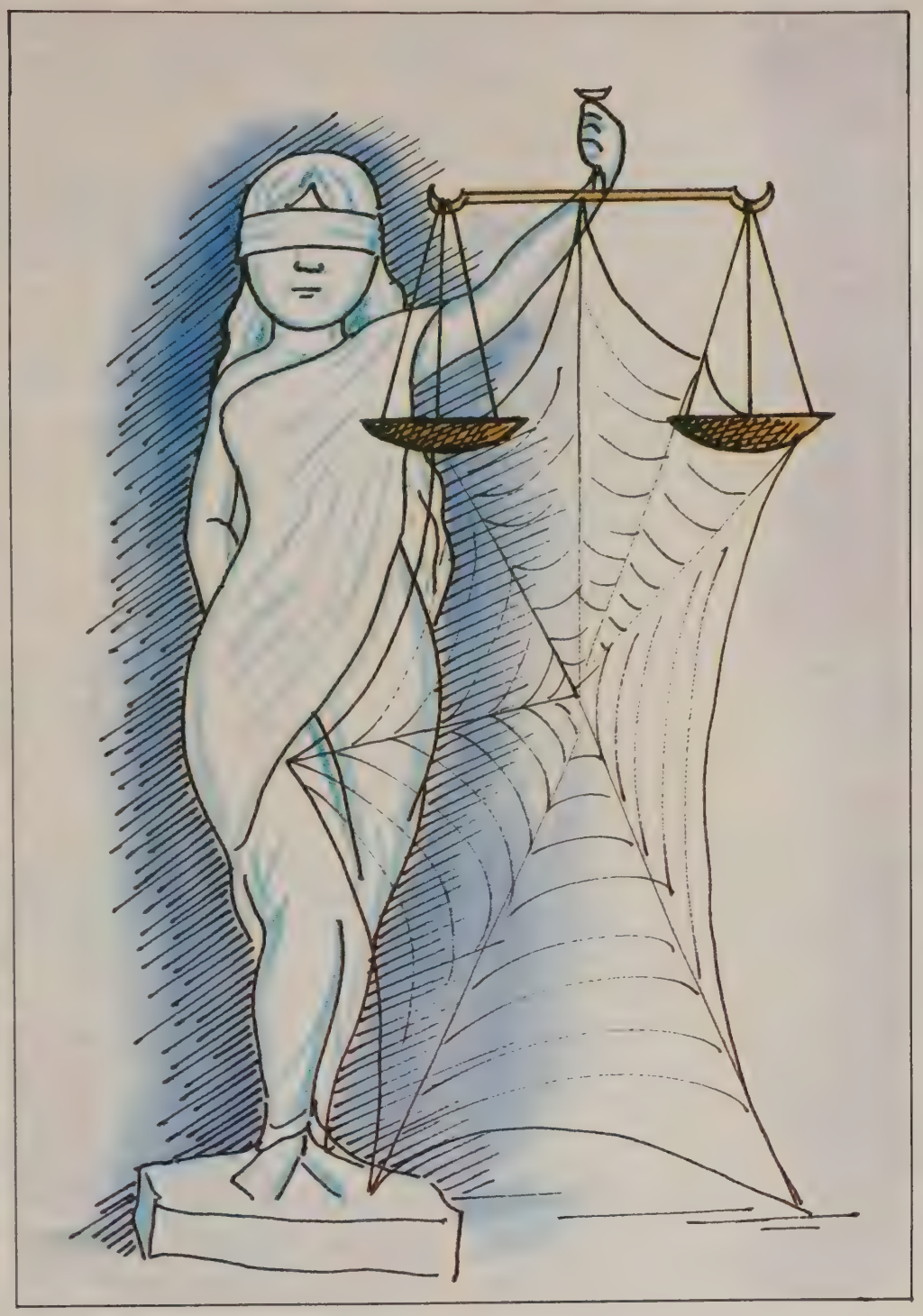
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The judges in Akadasi vs. Orissa considered the scope of the amended Article 19(6), the Amendment being carried out when it was realised that a legislative power to create a monopoly did not preclude a challenge under Article 19(1) (g) and accordingly Article 19(6) was amended by the provision that the creation of a complete or partial monopoly was not to be affected because it contravened Article 19(1) (g). The learned judges were of the view that in construing the Amendment, the literal construction is not appropriate and should be discarded in favour of a construction which would bear in mind the political or economic philosophy underlying the provisions in question." This observation led them to consider various theories underlying nationalisation and they determined that such an approach could be either doctrinaire or pragmatic. If it were the former, it could not be challenged; if it were the latter, it could be. The judges further made the observation that "according to the legislature, a law relating to the creation of state monopoly should be presumed to be in the interests of the general public."

Seervai argues, most trenchantly, that this interpretation is unfounded, first the cardinal rule of interpretation of the Constitution is to give the words their plain grammatical meaning. The philosophical, social or economic theories underlying the provisions are no aid to interpretation. In respect of the assumed dichotomy between the doctrinaire and pragmatic theory of monopoly is relevant, perhaps, to a law creating a monopoly, but is wholly irrelevant to Article 19(6) which purports to save a law creating a monopoly. "Whether such a law is based on doctrinaire theory, pragmatic theory or no theory at all."

However, even if Seervai is correct and the judges of the Supreme Court are wrong in the interpretation of Article 18 (6), the fact remains that the judgement in Akadasi vs. Orissa is still good law until a constitutional bench of the Supreme Court decide otherwise. It is still binding on all courts.

The other point which emerges from Baxi's argument relates to the details of the UP privatisation where apparently cement plants worth Rs.306 crore were sold to the Dalmias for Rs.68.38 crore. His argument being that such acts of privatisation have to conform to some notion of public interest, particularly in view of the expanded interpretation given to Article 14 (the right to equality), which was determined by the Supreme Court in Menaka Gandhi's case which has been held to prohibit arbitrary or irrational state action. It cannot be an opportunity for politicians to enrich themselves and their associates through sale of public assets at throwaway prices. This argument is well taken.

It is abundantly clear that any Act of privatisation will have to state reasons for the action: and those reasons will have to conform to the public interest. There is nothing to suggest that doctrinal considerations have come to the fore, as occurred in Thatcherite Britain. Privatisation in India is likely to be an entirely pragmatic affair and accordingly, reasons have to be offered.

The concluding argument made by Baxi is that privatisation measures must conform to the Constitutional scheme and hence must satisfy the goal values enshrined in the Directive Principles of State policy in Articles 38(1) and (2) and 39(1) (b) and (c). These include such goals as the state promoting welfare of its citizens, striving to minimise inequalities in income, rights to adequate means of a livelihood, ownership and control resources to be distributed to best subserve the common good and that the economic system does not result in concentration of wealth and power. The implications of this argument is that the Constitution would necessarily have to be amended if privatisation measures are to be pushed through. The sensible view would be that privatisation *per se* cannot conflict with the various goals set out in the directive principles and it would be absurd to test any act of privatisation as conforming to the policy goals set out in the directive principles. Ultimately, policy goals as the test prescribed by Learned Hand (a distinguished chief justice of the US Supreme Court) may be competing and it is for the judges to decide which policy goal has greater weightage. If this is a plea for a more activist judiciary then so be it. Increasingly, our Supreme Court should take a more active role in determining competing policy issues and to that end it may be necessary to appoint judges who are somewhat more worldly than the professional judges hitherto appointed.

■ JAVED GAYA

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ASSISTED REPRODUCTION

Dicey business

Infertility treatment has come as a boon to many childless couples. And in spite of the initial hitches, this form of treatment is gaining popularity

On 24 June 1991, there was an ecstatic couple at Bombay's Jaslok Hospital. Thanks to doctors Firuza Parikh and N. Joshi at the Infertility Management and Assisted Reproduction Centre, they became parents of twins on that day. They have been trying to have a child for more than seven years.

Over 10 million couples, in India alone, fail to become parents because the egg cannot get fertilised naturally within the woman's body. Infertility treatment attempts in various ways to achieve this fertilisation. Jaslok Hospital has over 600 couples seeking treatment for infertility, barely nine months after the Infertility Management Centre was set up. Not all these couples will be able to participate in the *in vitro* fertilisation (IVF) programme, since it is an emotionally strenuous process and they have to be carefully screened and counselled before embarking on it.

Parikh's group used a combination of IVF and gamete intra-fallopian transfer (GIFT). In both, the eggs are first removed from a woman's body by ultrasound. In IVF, the female egg and male sperm are mixed in a petri dish, and when and if fertilisation occurs (60-70 per cent chance), the embryo (fertilised cell) is put back into the mother's womb. In GIFT, a mixture of sperm and eggs is placed back in the woman's fallopian tubes, and fertilisation occurs within the woman's body.



A proud moment: Parikh, the mother and the twins

Lucky ones

This couple, was one of the lucky ones — even in the best of circumstances, only one in five or ten women who attempt IVF deliver a child by this method. In the 13 years since the first baby girl in England was born by IVF, only about 10,000 have followed. In India, the first test tube baby, Harsha, was born in 1986 under a project carried out at the Institute of Research in Reproduction (IRR) and the KEM Hospital, Bombay. Subsequently, 14 babies were born under the IRR programme.

Worldwide, approximately 8 per cent of the population within the reproductive age are infertile. Hence the desire and need for aided fertilisation is immense. Several private clinics have come up (at least eight of them in Bombay) since the first Indian test tube baby was born five years ago. Not surprisingly, more than half have closed down because of failures to achieve pregnancies. The procedure is expensive. It costs approximately Rs.30,000 a cycle, all inclusive (one treatment month starting with menstruation). Pregnancy may occur in the first cycle. Up to three are recommended.

The chances of success are somewhat higher at modern hospitals like Jaslok, whose sophisticated equipment and facilities help in increasing the possibility of fertilisation when it does not occur naturally. Another hitech institution with good prospects is the Hope Infertility Clinic set up recently in Bangalore by Dr T.C. Anand Kumar, former director of the IRR, Bombay, and Dr Indira Hinduja — the team that gave India its first test tube baby.

The Rs.1.25-crore project has received venture capital from the Industrial Credit and Investment Corporation of India (ICICI) through its subsidiary, the Technical Development and Information Company of India (TDICI). They also have a term loan from the Karnataka State Finance Corporation (KSFC). The project has been cleared by Karnataka State Industrial Development Corporation (KSIDC). Even with the possiblity of many more centres being set up in the future, there are still several unresolved questions with *in vitro* fertilisation.

For example, the Jaslok case involved picking up 10 female "egg" cells by ultrasound. Four of these were put back in the woman's uterine tubes along with the husband's sperm their mobility enhanced by laboratory techniques. The remaining six eggs were fertilised in the petri dish. One embryo was put back in the uterus, the others are lying frozen in the lab, in case the procedure needs to be repeated.

If the original donor doesn't need them, who has rights over these frozen embryos? Would they be used in other women who want to have a child without consent of the original donor?

Also, the woman has to have daily hormone injections of human menopausal gonadotropins, which make them superovulate. (Normally, a woman releases only one egg which can get fertilised; with the injections up to 10 eggs are released.) The effects of the hormones on women and the possible side effects on offspring have not been adequately studied.

The World Centre of Studies in Reproduction (UK) is doing a follow-up on children born following aided fertilisation. But with the first baby only 13 years old, the possible consequences on the reproductive functions remain unknown. However, private clinics continue to be set up.

With the new reproductive techniques emerging from the laboratory and being applied commercially in India, controls or, at the very least, a common code of ethics is required.

■ MIRA SAVARA

ALACRITY GROUP

Concrete foundation

For a one-time chartered accountant who decided that he would be his own boss, Amol Karnad and his group have come a long way. And their rather unconventional honest approach has set an example for others to follow

He presides over a fast-growing construction empire and his company, Alacrity Foundations, controls 25 per cent of the market share for residential flats in Madras city. But when Amol Karnad branched out on his own in June 1978, buildings and bungalows were the last thing on his mind. Alacrity Consultants Pvt Ltd, registered with a share capital of Rs.35,000, distributed grinding wheels and electronic vending machines. Progress in this field, however, was slow and Karnad soon started off as a builder. And how!

In the last decade, Madras-based Alacrity Foundations has delivered two million sq ft of built-up area to its clients. Currently, it has projects worth Rs.30 crore in hand. For the year ended 31 March 1991, the turnover touched Rs.35 crore. "Alacrity is undoubtedly the market leader in the residential flats segment with a reputation for being fine builders," says Altaf Pasha, chairman of the Alsa Group, a competitor.

A chartered accountant from a middle-class family, Karnad tried a succession of jobs — Cheeseborough Ponds, Hamilton Cycles Pvt Ltd and B.P. Vaidya & Co before he concluded that henceforth, would be his own boss. The diversific tion from the distribution to the constru tion arena came by accident. In 1981, 3 year-old Karnad, now married, bega looking around for a flat. "This gave n an insight into the manner in which t construction industry functioned. Ma ket confidence in the developer was lo mainly because the industry was not o ganised." Clearly, there was a niche for construction firm which promised r liability and accountability.

The opportunity to make an entr came when Karnad's uncle, Indukant Ragade, now a vice-president at Alacrit wanted to develop his property in T Nagar, Madras. Even though he did no have any background in civil engineerin Karnad decided to take up the projec Flats at *Prabhat Apartments* were price at Rs.150 per sq ft, at a time when th market rate was Rs.250 per sq ft. Say Karnad, "It was bad pricing and we los Rs.50,000 since we did not anticipate a escalation in cement prices during th year." In subsequent projects, Alacrit learnt to price its flats properly. But th initial slip-ups had their benefits. "Alac rity's cheap prices in their first few ven tures were instrumental in helping them make an entry into the residential flat market," says a director in Ram's group another competitor.

In the residential flats market, Alacrity decided to cater largely to the middle-class. The demands of the market also encouraged this. "About 80 per cent of clients ask for flats in the 700 to 1,000 sq ft category," observes B. Vasanthakumar, senior manager, marketing, Alacrity. And in Madras, it is the middle-class which opts for flats of this size.

From the very outset, Alacrity decided not to deal in black money. "Every payment, whether in cash or by cheque, has a receipt and is accounted for," claims Karnad. The other major decision was not to pay bribes. "This refusal on the part of the company to grease palms sometimes leads to delays," observes K.V. Chandrasekaran, security executive, SRF Limited, a client who is satisfied on all counts, including costing and quality of construction. And Alacrity is known to be very rigid where graft is con-



In the last decade, Amol Karnad has delivered two million sq ft of built-up area to his clients and he controls 25 per cent of the market share for residential flats in Madras city

erned. *Sneh Sadan* is a case in point. Located in Adyar, Madras, the project was elayed by eight months because the firm eportedly did not pay a Rs.150-bribe to et an electricity connection.

Instead, it preferred to pay liquidation harges to the tune of Rs.4 lakh to its clints. A concept introduced by Alacrity rom its third project onwards, liquidaion charges compensates clients for deays in handing over completed flats. "The system of paying liquidation harges is a novel one," says A.K.V Menon, administration executive, Crompton Greaves, a client.

By the end of 1986, Alacrity had built even residential complexes, involving a loor space of 18,649 sq ft. It concenrated on building "ground plus three" onstructions. "The plethora of rules and learances required to build multitoreyed flats has kept us away from that



At Alacrity the emphasis is on the functional aspects and hence the facade is not given much attention

egment. Besides, Madras is not yet ripe o take on such constructions, particlarly in terms of infrastructure like water, etc," explains R. Ramakrishna, senior vice-president, personnel and adninistration, at Alacrity.

Karnad is inclined to attribute his rm's success to a "satisfied clientele". Market impact is very important while reating a role model, and our intention is o develop Alacrity into one for the conruction industry," says Karnad. The mphasis is on giving buyers a good deal. n February 1989, Alacrity expressed its concern for the customer through a series of advertisements in the media, which educated the flat buyer about the criteria he should check while buying a flat. He was advised to ask questions like, "Can I see the title documents?" and "Can I have a copy of the Madras Metropolitan Development Authority's (MMDA) approved plan and planning permit before commencement of construction?" The following year, a booklet, giving further explanations, was published.

At Alacrity, according to Karnad, the emphasis is on value for money. "We do not talk of deluxe flats and do not make extraordinary commitments," he says. Instead, the emphasis is on the functional aspect. So, while cross-ventilation is a must in at least two bedrooms, the facade is not given much attention. "We are in the assembly line and therefore do not indulge the architects," adds Karnad. An in-house design team takes care of the architectural needs of various complexes. Consultants, however, are called in whenever necessary. Costing is done on a project-to-project basis. Once a price is offered to the customer, there are no escalations in cost. If there are unforeseen increases in the prices of cement, steel, etc, Alacrity absorbs the costs.

Alacrity plans to concentrate on Madras. "Moving into other cities will dilute the impact of our experience," says Karnad. But with the high amount of liquidation charges paid, the company's profit margin has been under pressure. It is for this reason that in the last two years, projects have been taken up to provide Alacrity with the economics of large-scale operations. "Suppliers are more willing to negotiate at concessional rates where large volumes are involved," says Karnad. Currently Alacrity has 47 ongoing projects. And now, projects are being taken up in the suburbs in an effort to extend the market.

Along the way, Alacrity diversified into electronics in 1982. Its "KryKard" servo control voltage stabilisers help in conserving energy. Initially it was a cottage industry, the assembling being done in a single room. But the product was a success because it incorporated built-in protection devices for which there was no extra charge. Since it was a small manufacturer, Alacrity was not subject to the usual excise duties and other levies. Its product was therefore Rs.1,000 to Rs.1,500 cheaper than leading brands like Keltron and Nelco which were priced at around Rs.6,000. And when the market for PCs exploded in 1983-84, there was a much bigger demand for "KryKard". Currently the division sells 8,000 stabilisers per annum and enjoys a market share of 35 per cent in the four southern states. For 1990-91 this division, which recorded a turnover of Rs.4 crore, now plans to introduce another model to handle the lower end of the market.

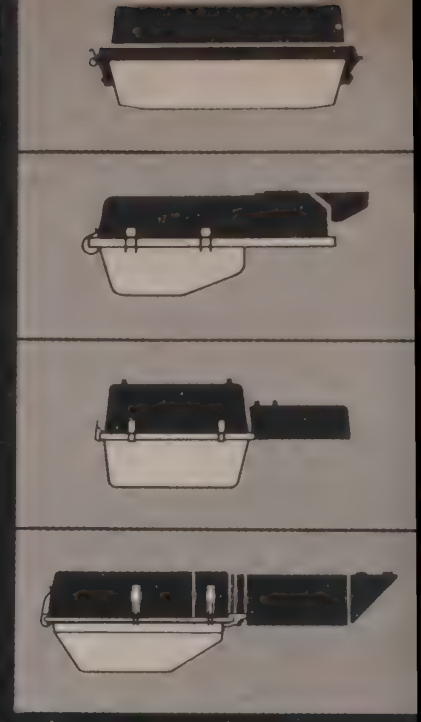
The group also plans to start publishing *Genesis*, a quarterly magazine targeted at business executives and senior managers, at a subscription rate of Rs.500 per annum. The first issue — to be sold through subscriptions only — is scheduled for release in September. Alacrity is also toying with tentative plans of getting into the field of education and medicare.

The main emphasis, however, will continue to be in construction. In order to cater to the increasing activity, more people have been taken on. In addition to Karnad's three brothers, who hold key positions, the show is now being run by a core team of dedicated professionals.

Looking back over the years, the Alacrity team has a sense of satisfaction. "Alacrity now sells as a brand name because of its accountability," says Nagesh Aroor, vice-president. And it is an achievment of this kind which will clearly help it achieve its ultimate goal of emerging as a role model for the industry.

■ DHARANI K. PANI





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JAPAN AT THE CROSSROADS



A nation wrestling with itself

Like one of the country's periodic natural disasters—earthquake, typhoon or tsunami—a national identity crisis has struck the Japanese islands with full force.

Japanese political, corporate and intellectual leaders are engaged in searching reappraisals of the nation's global standing and status. Does Japan represent the world's first, true, economic-only superpower, is it destined to remain stunted in terms of political growth and international influence?

The luster of Japan's almost unbridled economic success has become tarnished. Observers in North America, Europe and Southeast Asia are preoccupied with Tokyo's plunging stock and real estate markets and question whether Japan itself is on the edge of serious financial decline.

In the following pages, a core of astute Japan watchers and insiders dissect the country's current conundrum about its proper role and future in the world.♦



DAVID AUSTEN / STOCK BOSTON

Adrift in a riskier world

Will Japan become the most reluctant superpower?

BY AKIYUKI KONISHI
in Tokyo, Japan

WHILE THE "new world order" of Mr. Bush refuses to be ordered, Japan is having trouble establishing its own identity.

In a case that was almost comically "too little, too late," Takako Doi, leader of the opposition Social Democratic Party of Japan, made a belated plea for her party's pacifist stance on the Gulf War to a gathering of the Japan-US Association in Chicago on May 24.

The first woman to lead a Japanese political party would have provided a better service to her nation and to Japan-US friendship if she had made her plea in the US during the Gulf crisis. Instead, she went to Iraq to make a well-meaning but ultimately counterproductive plea for peace to Saddam Hussein on the very eve of Operation Desert Storm.

In Chicago, Doi also accused the Kaifu administration and the ruling Liberal Democratic Party of being reluctant to admit and make up for what Japan did to her Asian neighbors in wartime. "The LDP has always ignored matters that are inconvenient for it," she said. "It is not qualified to play an important role in the international community."

Two days later, a Japanese miniflotilla of four minesweepers and two support ships passed through the Strait of Hormuz and entered the Persian Gulf. This is the first overseas non-training mission of the Japanese Maritime Self Defense Force (Navy) since the Korean War. It was another case of "too little, too late." As these episodes illustrate, Japan is struggling to define its role in the international community.

Two years ago, the outlook was far brighter for Doi and her supporters. Prime Minister Noboru Takeshita had to resign because of an influence-peddling scandal involving insider-trading of stocks. The appointment of Sosuke Uno as the prime minister elicited another scandal, this time involving a geisha. In the House of Councillors elections Doi's party dramatically increased its strength.

Meanwhile, the Japanese economy had lost its glitter because of the burst of the "twin bubbles" of inflated land and stock prices. All these phenomena combined to give an impression of a declining Japan to many overseas observers, and, indeed, to many Japanese themselves. But to Doi and her supporters these simply represented a rectifying process for Japan.

International developments were also encouraging. The Cold War was ending and Germany was being peacefully reunited. Many felt Japan was a role model for the future. The only items on the national agenda were to make Japan's economic and political system more fair and enhance understanding and co
munication with other nations.

Then the Gulf crisis erupted. By
vading Kuwait, Saddam Hussein pus
ed history back to the 1930s. By refu
ing to withdraw from Kuwait in time
preempt Desert Storm, Saddam r
minded the Americans (and probab
the Soviets and the Chinese) the val
of military power.

And last but not least, by allowi
Hussein to use his remaining tanks a
helicopters against Shiites and Kurds
suppress their rebellion, George Bus
showed the world that might is right

Now that the world is looking mo
like a stormy ocean full of ethnic strif
Japanese pacifism is subdued. Na
tionalist and ultranationalist elements
Japan are again clamoring for a revisio
of the Constitution, especially for th
abolition of Article 9 which renounce
use of military force as a means of na
tional policy.

Politically and socially, Japan is confus
ed and adrift in the turbulent sea of in
ternational relations. Economically
however, Japan is still not doing to
poorly, mainly because its economy
thrives on being bashed and its peopl
are used to voluntary belt-tightenin
when international winds are against it

Would Japan like to be a "full super
power," with dominating political and
military clout like the US? Hopefully
not, because a majority of her people
and all of her Asian neighbors would no
like to see her become one.

Looking quixotic for now, Doi and
other Japanese pacifists hopefully are
still on the right track, and a real new
world order is on its way; a world where
every nation voluntarily limits sovereign-
ty on equal terms to beef up the UN and
domestically allows autonomy for its
regions.

In that sense, the glass will then never
be full for any nation in the sense or pre-
sent notion of the nation state. If an
American asks, "Is Japan's glass half
full, or half empty?" One would reply,
"Of course, half full, for we started from
empty in 1945, and we'd be satisfied
with that. After all, half full is going to
mean full to every nation in the real 'new
world order.' Will you, Americans, be
satisfied with half full then? Won't you
cry out it's half empty?"

The answer shouldn't be blowing in
the wind. For it is still the US that in-
fluences Japan the most, whatever
Takako Doi says.♦

Akiyuki Konishi is a senior correspondent for Mainichi newspapers.

The myth of Pax Nipponica

The way of the merchant and its future

BY JEAN-PIERRE LEHMANN
in Tokyo, Japan

FROM CONTROL of Java's natural resources to Hollywood's cinema gems, Japan's global expansion is being propelled by the same forces—commercial, industrial and technological—that fueled its stunningly rapid emergence as an economic superpower in the 1980s.

On the other hand, its superpower status is distinctly not political, ideological or cultural. Japan has not exerted formal political control over any nation, it has fought no war for 46 years and currently has no military capability or presence beyond its borders. Nor does it currently appear to espouse any evangelical universal ideology which would be sufficiently influential abroad. Yet, there are new whispers that Pax Nipponica is about to complement, or possibly supplant, Pax Americana.

In 1868, a revolution occurred which paved the way for capitalism and industrialism, but which also involved the restoration of the emperor and all the Shinto mythology associated with it. Instead of the capitalist revolution leading to the emerging dominance of bourgeois values, as in Europe and the US, it was the samurai ideology, the *bushido* (way of the warrior), which predominated.

Political power was concentrated primarily in the hands of former samurai. With the government's policy articulated in the slogan of *fukoku-kyohei* (rich country-strong army), a modern military machine was established which later came to dominate the state.

While Japan's modern nation-building was initially defensive, nationalistic and reactive, by the late 19th century the country began to carve out its own empire and became offensive, imperialistic and proactive. In the late 1930s, the empire was presented in the form of the Greater East Asia Co-Prosperity Sphere, leading to a showdown with the Western powers, the US in particular. By September 1945, the empire had collapsed.

> *There is nothing that really drives the Japanese in terms of their global role outside of purely commercial objectives.*

In the course of the decades immediately following World War II, the Japanese socioeconomic landscape changed virtually beyond recognition. The values that have emerged are preeminently bourgeois.

As the *bushido* has been eclipsed, the *shonindo* (way of the merchant) has risen in phoenix-like fashion. The Japanese have been exceedingly good at making things, including money. At dusk of the 20th century, economic forecasters—and other soothsayers—herald the imminent arrival of the "Pacific Century" with Japan in the driver's seat.

Japan's current global position and weltanschauung might be better compared to that of the earlier Dutch seaborne empire. In contrast to the other European empires, the Dutch model was singularly devoid of evangelical ideology, much less concerned about Christianity than in pursuing the teachings of Mammon.

Similarly, there is nothing that really drives the Japanese in terms of their global role outside of purely commercial objectives. In the contemporary Japanese commercial empire, as in the Dutch seaborne empire, the only real "ism" is materialism.

The Dutch, of course, were not all slaves to Mammon. They had a vibrant artistic culture in the Netherlands. The same is true of contemporary Japan. The Japanese do not just make cars and semiconductors. They also make music, films, paintings, literature and architecture—and they also have a lot of fun. To say that Japan is devoid of ideology and commercially driven is one thing; to say it is soulless or without art and humor is quite wrong.

Japan does have a major contribution to make to the world, but it lies and will continue to lie pretty much exclusively within the economic domain.

For the time being, the West, the US in particular, will still have to be relied upon to provide the ideological model and the geopolitical framework. So long as the Americans and the Japanese can agree on a reasonable division of labor and keep the tensions in their economic relationship within manageable proportions, the more plausible scenario for the foreseeable future is a hybrid Pax Nippo-Americana.♦

Jean-Pierre Lehmann works in Tokyo as a partner and director of the InterMatrix Group, an international business strategy consulting firm.

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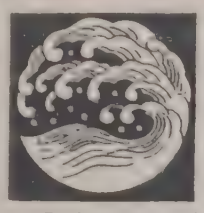
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Life after the bubble

Miracle economy still growing despite slowdown

BY KOICHI ISHIYAMA
in Tokyo, Japan



THE JAPANESE economy is slowing down, but still moving strong despite the fact its so-called "bubble" has burst.

It is true that Japan's "bubble economy" (the hyper-growth economy of recent years which has been fueled by ballooning stock and land prices) has started to shrink, but the current decline is in reality a kind of "growth recession." Growth is decelerating, but is still being maintained and the slowdown is not hurting any major industries, as seen in the nation's financial sector.

Nikko Securities and other Japanese securities firms have been affected by last year's plunge in the Tokyo sto market. Turnover is still very low, abo 300 million shares a day compared w more than one billion shares when t market was at peak performance.

Under the circumstances, all Japane securities houses, including the "B Four" (Nomura, Daiwa, Nikko and Y maichi), posted drastically reduced pr its in the fiscal year ending last Marc

But despite this gloomy picture, Nik Securities is not daunted by the plungi profits. "Even if profits have declined says Nikko spokesman Yoshiyuki Nak mura, "most securities houses are n posting operating losses. This is ve important. The 'bubble' part of the n tion's bubble economy has certain burst, but we are still enjoying han some profits."

During Japan's bubble economy, stoc prices, as measured by the Nikkei Stoc Average, tripled from 1985 levels. Na tionwide, land prices quadrupled ove the past four years. But the boom bega to fizzle last year.

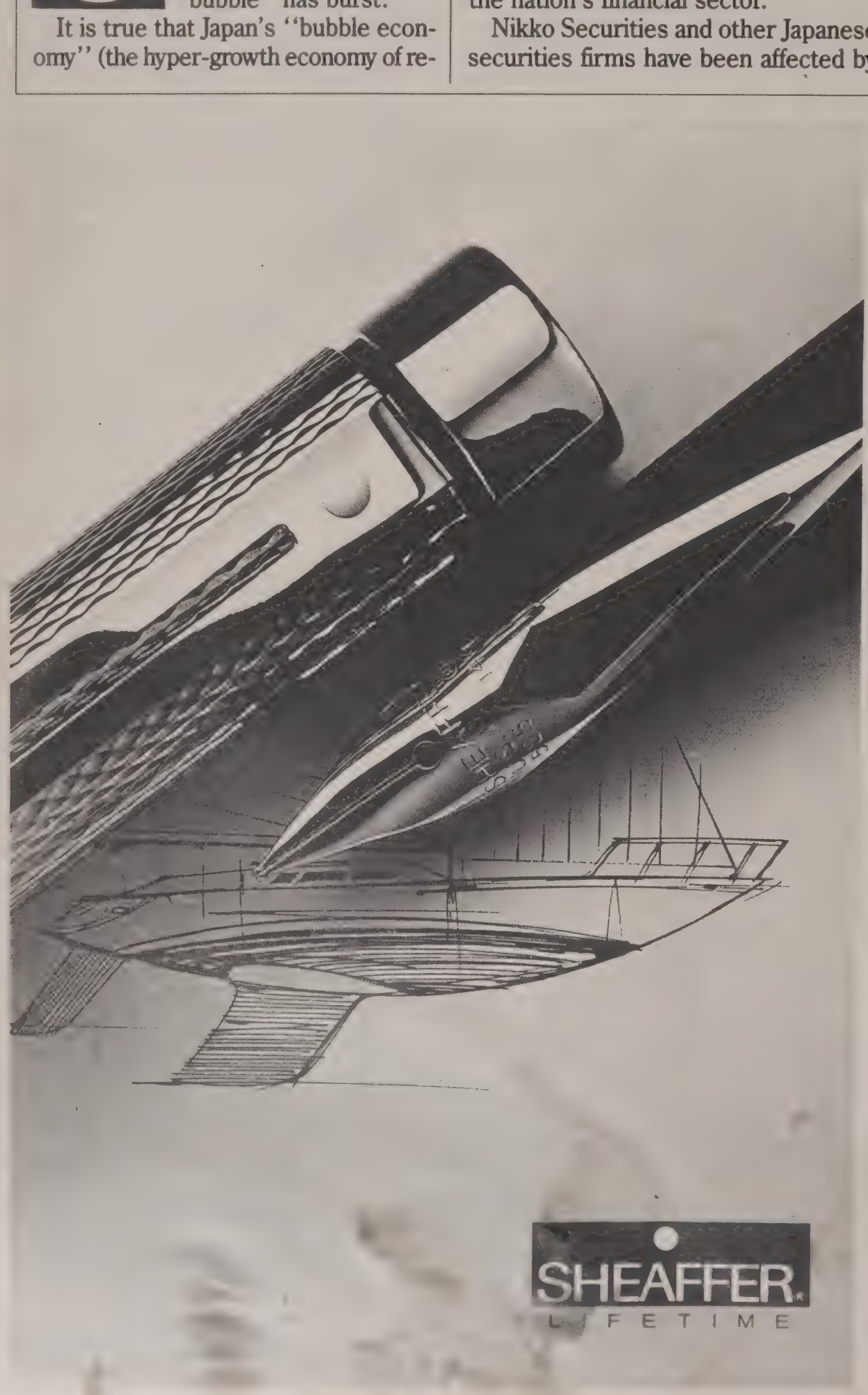
"Everything that has gone up, mus come down—or 'be corrected,' to us our securities circles' jargon," say Nakamura of Nikko. "The same thin could be said about land prices. But jus like stocks, everything that has gon down will go up again. So, stock price will soon pick up."

The banking industry has also exper ienced a similar decline. The combine pretax profits of the "Big Five" city banks (Dai-Ichi, Sumitomo, Sanwa, Fu and Mitsubishi) dropped a record 3 percent from the previous year's total Nonetheless, the banks are expecting a rebound similar to the one the securities firms are predicting.

A spokesman for Mitsubishi seemed unperturbed by such sharp profit declines. "The recent plunge in Japan's stock and land prices has, of course, affected our bank's performances but we are still making a profit of about US$1.3 billion a year. The recent profit decline will only be a temporary phenomenon."

The bubble economy years of the late 1980s are now a part of the past, but the momentum of Japan's economy is still strong. Despite pessimistic reports of Japan's wavering economy, it seems to be more a tale of paradise slightly delayed than paradise lost.♦

Koichi Ishiyama is a Tokyo-based freelance journalist and has written for the Associated Press and *The Times* of London.



Japan's information advantage

Nikkei vs. the Journal

BY KIRK PATTERSON
in Cambridge, USA





WALTER LIPPMANN, American journalist and social observer, once recounted the following story:

On a remote Pacific Ocean island lived a few Englishmen, Frenchmen and Germans. News could only reach them on a British mail steamer that came every 60 days. One day in 1914, the steamer arrived and the captain announced that England and France were at war with Germany. Thus, for a period of six weeks the island's residents had acted as if they were friends, when in fact they were enemies.

The point of Lippmann's story is that behavior is based on information, usually second-hand information like news, and that different people have different bodies of knowledge. As a result, their behavior differs, and better information leads to better behavior.

Applying this lesson to global economic competition, the success of a country and its corporations is very much related to the quantity and quality of information that news organizations supply to corporate decision makers and economic policymakers. The ability to capture global markets is determined significantly by the availability of information on those markets.

From this vantage point, Japan's rise to economic superpower status may be seen as partly a function of the superior international information received by the country's economic and business leaders. This is confirmed by a recently completed comparison of foreign news reporting in the principal business newspapers of Japan and the US—the *Nihon Keizai Shimbun* (*Nikkei*) and *The Wall Street Journal* (the *Journal*).

Nikkei provides about 2.5 times more foreign news than the *Journal*. Furthermore, the Japanese newspaper devotes a greater proportion of total news space to foreign news than does its US counterpart (26.4 percent as opposed to the *Journal*'s 19.6 percent). As a result, *Nikkei* readers are made more aware of the importance of international issues and of the relevance of those issues to their ability to operate successfully in world markets.

Most surprising, *Nikkei* and the *Journal* cover almost completely different "worlds." Excluding articles that relate to Japan and the US, less than 10 percent of the foreign news stories in the two newspapers are on the same topics. It is as if one paper were covering Mars and the other Jupiter, with occasional overlap on coverage of the asteroid belt between the two planets.

The two newspapers also report stories from significantly different perspectives. *Nikkei* sees the world as a complex, dynamic environment full of opportunities in which news occurs on an ongoing basis, states are the dominant actors and economic issues are the principal concern.

For the *Journal*, the world is a relatively simple, unchanging place full of obstacles and news is the sum of discrete events, corporations are the major object of attention and political issues dominate the public agenda. It is a world where the power of personality prevails, where dogmatic adherence to individual principles is rewarded and where a short-term orientation is encouraged.

During the autumn of 1989, *Nikkei* devoted extensive coverage to dramatic developments in Eastern Europe while the *Journal* devoted much of its attention to mergers and acquisitions activities. With respect to political and economic reform in Hungary, *Nikkei* ran 77 articles while the *Journal* had only five, one of which was on how the American soft-pornography magazine *Penthouse* was to begin publishing in Hungary.

Nikkei's approach to foreign-news reporting provides numerous comparative information advantages, both quantitative and qualitative, for the business and economic elites of Japan. Relative to the *Journal*, it helps Japanese corporate executives plan and implement more successful global strategies and better educates them about the dynamics that drive world affairs.

In addition to being of greater assistance to corporate executives, *Nikkei* does a better job of "signalizing" important international issues meriting the attention of national economic policymakers.

The *Journal*, by contrast, adheres to an "event-of-the-day" approach to foreign-news reporting and tends to ignore issues that lie beyond the horizon of immediate world attention.

This is not to say that *Nikkei*'s foreign-news reporting is perfect, or even good. Rather, the point is that *Nikkei* does a better job of covering the world than does the *Journal*. It is the relative, not absolute, quality of foreign-news reporting that is important, for it is the gap between the two newspapers' international coverage that will translate into a difference in the ability of Japan and the US to compete worldwide.

Everything else being equal, *Nikkei*'s superior foreign-news reporting gives Japan and its corporations the advantage in the international struggle for prosperity and security.♦

Kirk Patterson, an eight-year resident of Tokyo, is *The WorldPaper* associate for Japan.

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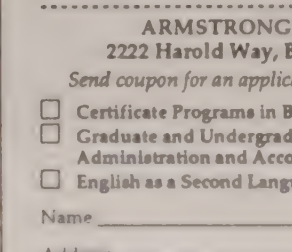
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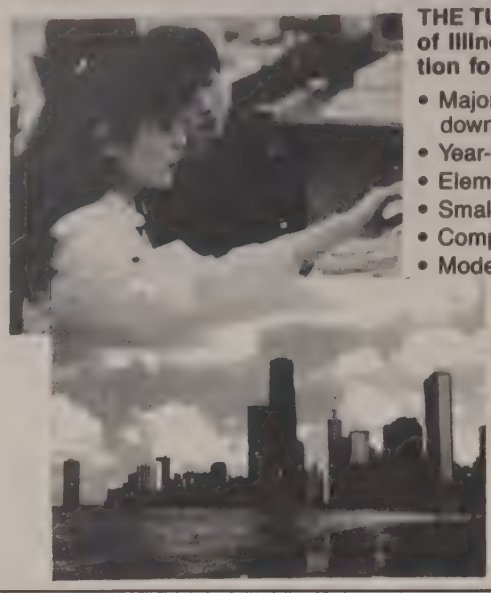
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PETER MENZEL / STOCK BOSTON

At left: Spot the outsiders in Tokyo.

The lure of the yen

As immigration rises, is Japan ready for integration?

BY FUMIKO MORI HALLORAN
in Tokyo, Japan

THE TWO men sweeping the floor of a Tokyo hospital chat in Chinese. A waitress in a coffee shop looks Japanese but speaks the language with an accent and bluntness distinctly foreign. A police notice in Japanese, Chinese, Korean and English near a subway station warns against parking bicycles illegally.

Five years ago, there were hardly any Asian workers in Japan. Today, there are so many that the lives of Japanese and other Asians have become entangled in what many Japanese call "the third opening of Japan," following the Meiji Restoration in the 19th century and Japan's 1945 World War II defeat.

Since the last decade, the Japanese have been debating the meaning of internationalization now that Japan has become a major economic power. Once perceived as simply improved communication with Westerners, what the Japanese did not anticipate was that internationalization would mean "Asianization."

Last year, 3.5 million foreigners entered Japan, 62 percent of whom were Asian—students, tourists, entertainers and businessmen. But many among them came to stay and work illegally, entering Japan with passports supplied by brokers who obtain work permits, marriage certificates and other papers through a vast network of middlemen, some of whom are *yakuza*, or members of organized crime.

In 1983, 2,300 Asians, mostly women, were arrested as illegal workers and deported. In 1990, the number jumped to 36,000, among whom almost 24,000 were men. The majority of deported women are singers, dancers and hostesses who actually work as prostitutes.

Foreigners legally entering Japan as students and workers numbered 81,000 in 1988, compared to an estimated 100,000 illegal workers. Many experts say this official estimate does not reflect reality and that the actual number of illegal workers might have reached 200,000.

The lure of money is the main reason so many Asians are flocking to Japan. Even with relatively low wages, poor housing and hard work, their earnings in Japan can be awesome compared to what they earn in their own countries.

The declining birthrate and dwindling number of young people entering the work force has caused a labor shortage. More stores and factories are going out of business due to a lack of manpower; Asian workers fill that void.

The image of Japan as a dream country paved with gold often obscures the harsh reality of the Asians' lives as laborers in a tightly controlled society. The plight of illegal workers has been publicized in the press and several citizens' groups and lawyers have formed organizations to protect the civil rights of workers.

While the policymakers are struggling with the issue, Japanese citizens have been slowly learning how to cope with their Asian neighbors. There have been many examples of cultural clashes and discrimination: housing disputes, Japanese children's nasty treatment of their Asian classmates and either an indifferent or superior attitude of some Japanese toward Asians.

But the increasing Asian presence has also produced positive interest among Japanese. Many books on Asia have been published, the study of Chinese, Korean and other Asian languages has become popular and ethnic Asian food, music and fashion have also come into vogue.

More importantly, many Japanese have volunteered to help Asians learn the Japanese language, to become host families and to raise funds and donate items needed to make daily life more pleasant.

"Asianization" has happened against Japanese wishes. But the scale of the Asian drive to come to Japan makes Japanese preferences irrelevant. Japanese have to realize that they cannot live comfortably and happily alone, closing their minds to the reality of the Asian presence in their midst.♦

Fumiko Mori Halloran is author of six books and winner of the *Oya Soichi Best Nonfiction Award 1980.*

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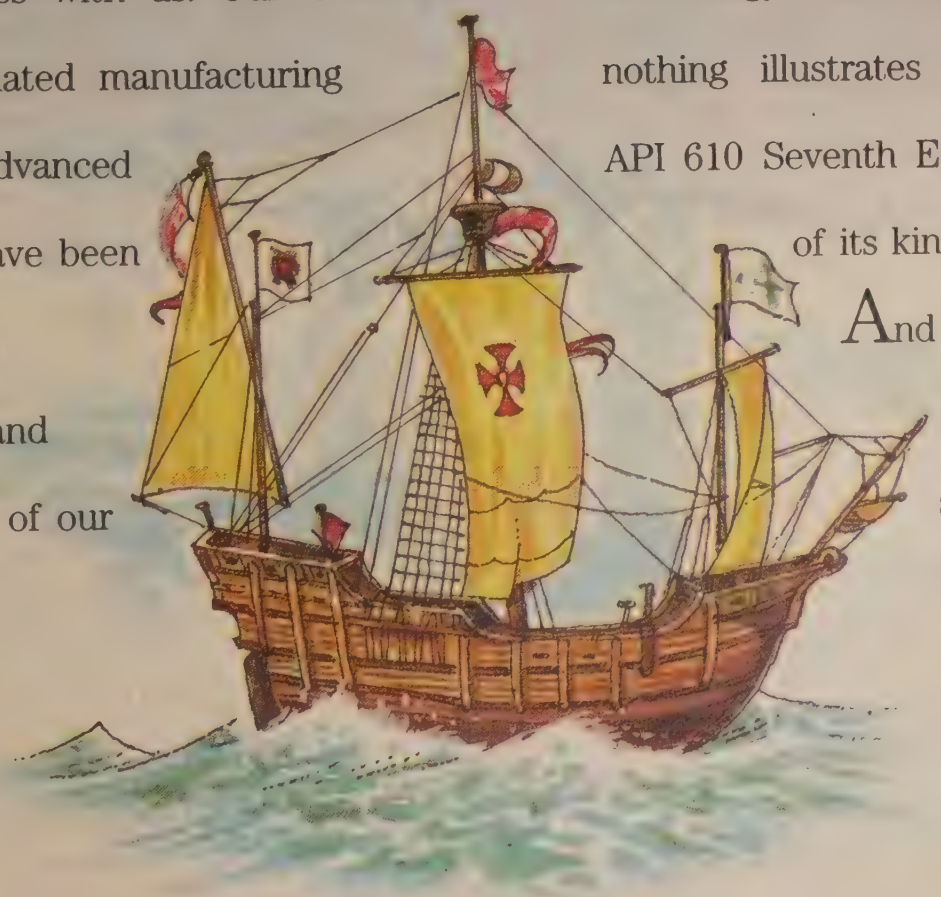
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Imageads

SWITZERLAND

Trapped in the EC?

As Switzerland celebrated its 700th anniversary on 1 August, the Swiss find themselves struggling to cope with the consequences of Single Europe

Though their conservatism and reluctance to change are proverbial, the rejection by the Swiss of the introduction of value added tax (VAT) in a recent referendum is of particular significance in the context of the European Community (EC). This referendum was the third on this issue in Switzerland, and the passage of over five years since the first one has thus made little difference. Switzerland, at present, does not have a VAT but a reasonable 6.2 per cent turnover tax introduced 50 years ago.

What was of enormous interest in the outcome of this referendum was, however, the answer to the question that the referendum collaterally raised: that is, whether the attitude of the Swiss towards joining the EC was showing a shift.

All community nations as well as four members of the European Free Trade Association (of which Switzerland too is a member) have a VAT system. While the EC nations are discussing at the moment a minimum floor rate of 15 per cent for VAT, any new country that wants in future to be a part of the EC has to have a VAT regime. It is in this context that the Swiss referendum had spurred interest. With the four parties in the coalition government having agreed to the introduction of VAT earlier, what this referendum once again brought to the fore was the wide disparity between the preferences of the governing body and those of the people themselves.

In a sense, for the Swiss, the issue in this referendum was an extension of the continuous dilemma that they have been facing, with the closing in of Single Europe. The EC countries are the ones with which Switzerland is mainly concerned in trade as well as in competition. Predicated as Single Europe is on financial deregulation and a certain fiscal uniformity, its establishment is seen to have an adverse impact on the economy of Switzerland. The Swiss are constantly called upon, willy nilly, to recognise this and make compromises even in areas where their uniqueness has been their original forte.

With the EC nations bringing down all barriers to free movement of capital and co-ordinating all banking activities with free access to one another's markets for purposes such as granting of credit facilities, the EC banks now have a wider market for all their services. This, coupled with deregulation in general, robs Swiss banking of some of its sheen. With inflation too running at close to 6 per cent, much higher than that in France or Germany, interest rates in Switzerland have shown a marked rise in the last one year.



Banking law amended

The banking sector will have to bear the brunt of deregulation and the EC onslaught. On another level, bowing down to international pressure, the Swiss have amended their banking law, making money laundering by intent, as opposed to negligence, a criminal offence.

Yet another compromise that Switzerland has had to make has been in the area of immigration and granting asylum. Given Switzerland's prosperity, the country has been a strong source of attraction for potential immigrants. The Swiss are very sensitive to this circumstance and are really not pleased to see foreigners seek residence here on a permanent basis. But with other West European nations accepting immigrants and refugees, the Swiss have had to fall in line, with the result that the last few years have seen a large influx of foreigners.

Although symbolic, it was mid-June's nationwide strike by a Swiss women's union demanding wages equal to those of men that provides some evidence of the social change that Switzerland is going through. After all, this is a country in which one of the cantons afforded voting rights to its women only late last year, that too after being ordered to do so by the Federal Supreme Court.

For us Indians, facing problems several times more complex, these might seem matters of mere detail. But, for an enlightened people of a country with a population less than that of Bombay, these are issues of serious import. Indeed, it is this very attention to detail that has all along earned the Swiss their reputation for perfection and professionalism. The crux of their problem is not so much that their way of life is increasingly subject to the economic and social changes taking place around them, as that these changes should be taking place at considerable damage to their own value and social systems.

■ K.S. RAGHAVAN

The author is general manager, COSL, Bombay, currently posted at Zurich. The views expressed herein are his own

BANK MERGERS

Survival games

The US banking industry, overburdened by the excess baggage of the loan happy eighties, is feeling the first draught of the changes expected. After corporate and real estate loans burnt a hole in their bottomlines, banks have now turned to traditional retail business and middle market lending.

Recently, New York-based Manufacturers Hanover Trust (Manny Hanny) and Chemical Bank shed their individual identities in the biggest merger in the history of US banking. The new entity, Chemical Banking Corporation, with assets of $135 billion is now the country's second biggest banking organisation, next only to Citicorp. Soon after, two southern banks, NCNB and C&S/Sovran also decided to get together. The $4 billion share exchange deal creates NationsBank, now the third largest bank after the newly formed Chemical Banking.

Manny Hanny and Chemical were both facing slipping credit ratings and bottomlines, thanks to their portfolios of dud loans. Third world debt, mainly from Brazil and Argentina, and commercial real estate loans were the main problem areas. While the banks had to write off 40 to 60 per cent of third world debt, almost 15 per cent of the new bank's real estate loans are non-performing.

The New York mega deal is expected to result in savings of almost $650 million, partly through job cuts. Almost 6,200 of the total work force of 45,000 will have to be retrenched. A $1.25 billion stock offering is also in the offing. For the two new partners, though, the main challenge lies ahead.

The plans are to focus on domestic retail banking and the small and middle business market, an area which is proving the most profitable across the US. C&S/Sovran, too, agreed to the merger following real estate loan problems. NCNB, a North Carolina-based bank with its strengths in the lucrative retail business, had in the past been eyeing the earlier incarnation of C&S, Citizens and Southern, but was pushed out by Virginia-based Sovran Financial. NationsBank, with $118 billion in assets, is expecting to save almost $350 million following the merger, and reduce its workforce by 10 per cent.

NationsBank, despite its poor presence in the international market, should do well at home. It has the biggest domestic deposit base in the US, and the largest retail franchise network amongst US banks, putting it in an enviable position. In US banking circles, big seems to be beautiful these days. Only because, analysts say, it's the only way to survive.

■ SUDESHNA SEN

PAN AM

Clipped wings

For sale: parts of what was once America's best-known airline, to the highest bidder. Pan Am Corp which filed for bankruptcy protection under Chapter 11 in January this year, is receiving bids for its various operations.

In mid-July, Delta Air Lines offered $260 million for a package of assets including Pan Am's New York-Europe, Miami-London, Detroit-London routes, its Frankfurt operations including India routes, and its East Coast (Boston-New York-Washington) shuttle. The deal will include lease and other interests in 45 aircraft. Delta would also absorb about 6,000 of Pan Am's employees.

Shortly thereafter, Trans World Airlines Inc. and American Airlines put forward a rival combined bid of $310 million. Under this, American would get Pan Am's East Coast shuttle and routes between the US and certain European cities, while TWA would get the Miami-London and Detroit-London routes, as well as the Frankfurt operations. TWA would also take on 4,500 Pan Am employees.

The fate of Pan Am's Indian operations however, is as yet unclear. With sale imminent, employees too are unc tain about their future. Presently, Am's market share out of India on

Frankfurt-New York sector is estima at six per cent. Neither Delta nor TW operates flights out of India. TWA, ho ever, has landing rights in India whic has not used since 1987 when it s pended operations out of India. Acco ing to C. Rama Chandran, chief operations, East-West Travel and Tr Links Pvt Ltd, "TWA might not be w ing to pay for landing rights which t already have. However, these would attractive to Delta, as it does not h these rights in India."

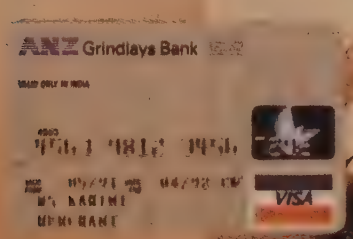
TWA had suspended operations India because they were not profita enough. Now, if TWA does get the d what happens to the Indian sector? Sa TWA spokesman, "if the deal g

through, the decision regarding the In routes will depend on their viabili Other airlines are also reportedly in bidding. The final decision will be m by the bankruptcy court at the hea scheduled for 12 August. Governme bodies and the Pan Am creditors' c mittee are also likely to have a say. W ever eventually bags the deal, it se unlikely that Pan Am will vanish into blue. It will, in all probability, continu operate on a few sectors worldwide.

■ SARAH ABRA

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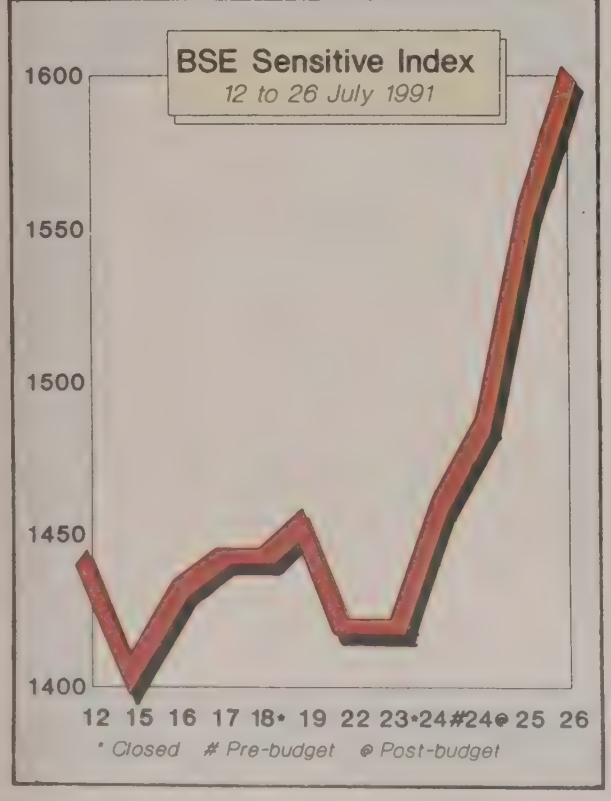
STOCKMARKET REVIEW

Upbeat and favourable

(For the fortnight ended 27 July 1991)

	27 July	12 July	per cent change over fortnight	year
BSE Sensitive Index	1599.98	1441.85	+10.9	+54.8
BSE National Index	774.73	702.91	+10.2	+45.9
Vol (Rs.cr) fortnt. ended	211.61	177.80	+19.0	+24.4

The fortnight began with the market in an expectant though uncertain state in its reflections about the Union budget to be announced on 24 July. The devaluation and liberal trade policy measures adopted during early July, served as a welcome prelude causing marketmen to be hopeful. This mood was helped by the railway budget of 16 July which proposed 20 per cent fare hikes for first-class passengers and a modest 10 per cent hike in freight. This was well received by the market and



the BSE Sensitive Index rose by 35 points to 1,442 by 17 July.

While the railway budget was significant in that it indicated a possible soft fiscal budget, the delay in announcing the industrial policy suggested that the Congress was not united on this. This caused the market to drop sharply on 22 July.

Company	Price 27.7	Price 12.7	Per cent change
Baroda Rayon	700.00	530.00	32.1
Century	6,800.00	6,300.00	7.9
Indian Rayon	164.00	134.50	21.9

During the pre-budget session on 24 July, the market was already bullish, following from the industrial policy statement read out in Parliament in market hour. Given the immense significance of the new industrial policy, the market was ready to move sharply upwards provided the Union budget was not sharply adverse.

While the frenetic budget session was taking place during evening hours, all that the market was really looking for was a not-too-harsh budget. Well aware of the government's resource crunch, expectation was rife that cement — which has been performing particularly well — would come under heavy levies, while direct taxes would rise sharply. In addition, an expected 20 per cent reduction in fertiliser subsidies was expected, to be financed at least in part from the profits of fertiliser companies.

What the market got was not merely a soft budget on the tax side (a mere Rs.700 crore of additional indirect taxes due to changes in law and Rs.2,100 crore of direct taxes) but several liberalisations including the abolition of the office of the notorious controller of capital issues (CCI) and the allowance of private mutual funds. The expected quick empower-

Cement spread in budget

Company	Price 27.7	Price 12.7	Per cent change
ACC	2,875.00	2,460.00	16.9
Grasim	280.00	255.00	9.8
Gujarat Ambuja	217.00	172.00	26.2
India Cement	180.00	167.50	7.5
Jaiprakash	39.00	35.50	9.9
Mysore Cement	115.00	93.00	23.7

ment of the Securities and Exchange Board, with its positive attitude towards freer markets also helped market sentiment.

In addition, cement remained untouched except for the general increase in excise, while profits of fertiliser shares were unaffected by the reduction in fertiliser subsidy because of the permission pass on costs. In essence, it was the combination of a strong industrial policy a a relatively innocuous budget th pushed the market. As a broker commented, "The first was positive, the second not negative."

The market consolidated its gains the days that followed, shattering t 1,600 mark to touch 1,630.27 befo retreating to marginally below 1,600 the close of the fortnight. It was if, a broker quipped, Manmohan Sing was the matador leading the bull by t horns.

In the process, several shares, parti ularly cement reached new highs. But t rise was fairly broad-based in speculati stocks, covering steel, petrochemica and automotive stocks. In fact, 47 of t

Fertilisers: subsidy cut offset

Company	Price 27.7	Price 12.7	Per cent change
Deepak Fert.	33.00	26.50	24.
Guj. Narmada	48.00	38.50	24.
Guj. Fert.	250.00	210.00	19.
Indo Gulf	40.00	36.25	10.
Zuari Agro	90.00	72.50	24.

79 shares in the specified list in Bomba reached their highest levels of the yea during the fortnight, while 321 u specified shares peaked during the latt half of the fortnight. According to broker, the latter implied that the u swing had yet to spread to the enti market.

Technical analysts were also please that the boom had occurred in July. T 26 per cent jump in the Sensitive Inde this July was similar to, and, in fact, ou paced by the 29 per cent jump in Ju 1990. The bullish fervour continued kerb at the end of the fortnight, with ne peaks scaled in the subsequent days. To large extent, the sustainability of th boom depends on corporate perfo mance. Three large companies, Baj Auto, Larsen & Toubro and Telco, hav indicated turnover jumps of over 20 p cent in the first quarter.

The monsoon has begun well. If polit cal uncertainty does not upset market ca culations, then several more liberalisa tions are likely which could send the ma ket soaring higher.

■ RAFIQ DOSSA

ON-VOTING SHARES

A likely new instrument

With financial institutions owning 40 per cent of issued marketable securi-es, and with the proportion of funds ised through mutual funds crossing 40 er cent in 1990, many corporate man-gers are worried about institutional keovers. For example, Aditya Birla had one on record saying that the possibility f institutional control had deterred him the past from using institutional funds. he new industrial policy, by removing e asset definition of an MRTP firm, has dded the new threat of takeover by large ivate firms.

In this context, the concept of non-oting shares, ie, shares entitled to the rnings of a firm but without any voting ower, has been proposed by the Bombay ock Exchange (BSE) recently — an idea st mooted by a working group of the anning Commission headed by Abid ussain, and followed up by the Federa-on of Indian Chambers of Commerce d Industry (FICCI).

SE's initiative. A study group had been ppointed by the government following a resentation by the BSE in early July. .R. Mayya, executive director of the SE, said that the idea of non-voting ares was mooted by the BSE to the mmittee for the development of new se-urities, headed by M.J. Pherwani. ayya explains, "An ordinary voter is ot interested in voting powers. What re-lly matters is good dividend and contin-d capital appreciation. Besides, we ve recommended added sweeteners, e extra dividend, which will make this strument more attractive."

Merchant bankers feel that non-voting ares will enable companies to raise ore money. The concept of non-voting ares is expected to generate new invest-ent, particularly from non-resident dians. Vallabh Bhansali, a leading ockbroker, says, "It has proved to be a pular instrument abroad. Whatever e percentage of non-voting shares al-wed in the stocks of a company, it will finitely help ward off threats of take-ers. And non-voting shareholders do ve the right to fight for their dividends the company does not declare one dur-g the year."

"Let the market decide," says Heme-ra Kothari, president of the BSE, when estioned about the adverse effect of n-voting shares, in that they can help entrench inefficient management. "A shareholder always has the option not to buy non-voting shares."

Threat of removal. This perhaps misses the point. The only effective way to keep management on its toes is the threat of removal. Although individual small shareholders know that their shareholding does not count for much, larger shareholders can pick up smaller shareholdings in order to amass a significant stake. If, as the BSE proposes, up to 50 per cent of the equity can be non-voting and if, as is typical, promoters start off with 40 per cent of total equity, the accountability of management is greatly reduced.

The interests of the initial shareholders can also get jeopardised. Shareholders can, and do, determine the popularity and value of a particular scrip according to their interpretation of company prospects and management. But though they can bid down the prices of badly controlled and poorly performing companies by selling off their holding, that does not help the initial small shareholders (who bought at par in a new issue) or make for the possibility of a good but badly managed project ever being rehabilitated. In addition, with the convertibility cause having been removed under the current industrial policy, shareholders will lose the other source of protection that they earlier had.

The best protection for existing management ought to be performance. Tata Steel, for instance, was controlled by Tatas with only 8 per cent holding for several years. Even now the Tata management owns less than 20 per cent of the equity. Yet there has been no threat of a takeover.

Unexpected supporter. Securities and Exchange Board of India (SEBI) is an unexpected supporter of non-voting shares. Says SEBI chairman G.V. Ramakrishna, "We would like to restrict non-voting shares to 20 per cent of issued capital so that, while it does not completely remove the threat of takeover, it does provide some protection."

Given their popularity abroad, especially in Switzerland, and the broad support from stockbrokers, non-voting shares are likely to be soon issued. If the BSE board is right, their success will depend largely on whether companies deliver satisfactory dividends. On the other hand, the door for removing inefficient managements will close a bit tighter.

■ DEVENDRA TAK

MUTUAL FUND DISCOUNTS

Here to stay

Mutual funds have begun to offer incentives for early subscribers. The trend began with the Unit Trust last year offering fortnightly rather than monthly rates, with rates in the second half of the month being higher by about half per cent. Other mutual funds have similarly been offering discounts which work out to roughly one per cent per month.

These incentives make particular sense in the context of high interest rates which the fund can earn through the call money market (now averaging 25 per cent per annum) but which is not available to the individual small investor. From the investors' viewpoint, the one per cent extra (12 per cent per annum), is twice that offered by a normal savings account in a bank.

Special incentives. Indbank's latest schemes, Indsagar and Indjyoti for example, offer Rs.20 back on every Rs.1,000 to those investing in the first fortnight of the two-month open period. This is progressively reduced to Rs.15, Rs.10, Rs.5 in the subsequent fortnights, with no incentive for the last-fortnight investors.

Earlier, with a slight difference, SBI's Magnum Monthly Income scheme II which closed on 28 June, offered a uniform one per cent subscription amount to those investing before the last ten days of the two-month open period.

And investors do not lose out because of the funds' 25 per cent rate of return from the call money market. "Any surplus is passed on to investors in the form of dividends later," says N. Sriram, general manager, SBI Mutual Fund.

A. Reguramalingam, vice-president of Indian Bank Mutual Fund feels, however, that the incentives do not work. The rush to invest continues to be concentrated in the last fortnight. "Almost 50 per cent of subscribers still come in the last fortnight. Only the small segment shifting funds from savings deposits to the scheme invest earlier," he says.

Yet, incentives have come to stay because, as Sriram explains, "If two out of five similar schemes don't offer incentives, there might be some difference in response." So, it seems that the early birds will continue to be rewarded.

■ POONAM CHAWLA

For a long-term outlook

The budget announcements and the new industrial policy have affected stock prices favourably. The outlook, for the secondary market, seems good. It is however at a time, such as this, that it is most necessary to distinguish between the companies whose high multiples are justified by genuine fundamental/technical factors and companies whose multiples can be attributed, in main, to the current boom phase. So feels Shirish Dave, **one of the partners of the stockbroking firm Chimanlal Maneklal in his talk with** Business India's **Kalika Ghotgalkar and Alka Mukundan, on the market outlook in general**

In Dave's view, the next 2-3 years will be a period of adjustment for Indian industry, which will now be exposed to a more competitive environment. The Indian consumer too, who has until now, not been king, can look forward to better quality products and services.

The fertiliser industry, in spite of being a core sector, has been neglected, Dave feels. All that is now poised to change, with low analysis fertilisers (four of them) proposed to be freed from price and movement controls and an average increase of 40 per cent in the price of all other fertilisers. There will also be a ceiling on the subsidy per tonne payable to super single phosphate (SSP) producers so as to move towards total deregulation in the next few years. Dave feels that fertiliser shares should now rise owing to better future expectations of growth and earnings.

Top slot

Within fertilisers, Spic hogs Dave's top slot. As much as 65 per cent of sales for 1989-90 accrued from DAP and urea. The higher price realisations would not only offset the effect of removal of subsidy but would also suffice to prevent raw material (phosphoric acid) import costs from depressing margins. As compared to GSFC and Indo Gulf Fertilisers, Spic's equity is low at Rs.34 crore and thereby its EPS would most handsomely reflect a fatter bottomline. With an EPS of Rs.4.63 for March 1991, the scrip currently quotes at Rs.68.50 (30 July 1991). For the year ended March 1992, the EPS may range between Rs.12 and Rs.15 while the market price could appreciate 46 per cent within a year.

Punjab National Fertilisers & Chemicals (PNFC), is another scrip with potential. While soda ash and ammonium chloride (one of the four fertilisers which have been freed from price and movement controls), brought in 56 and 16 per cent respectively of the sales for March 1990, ammonium chloride's contribution to the product sales is scheduled to increase. It comprises a small yet essential portion of total fertiliser inputs and demand is thereby relatively price-inelastic and any increase in selling price would be absorbed by the consumer. For March 1990, PNFC earned a tiny net profit of Rs.86.78 lakh on an equity of Rs.14.79 crore. Carry forward deficit was Rs.25.56 crore which, in the light of improved



prospects, could be wiped out by March 1992. The scrip which was hovering at par in the pre-budget days now quotes at Rs.19 and could well cross Rs.30 in an year's time.

Among export units, ITC with forex earnings of Rs.248.26 crore (from tobacco, agri-products, hotels, etc) for March 1991, is slated to perform even better. Exports are projected to touch Rs.300 crore by March 1992. In the mestic market too, ITC has a compreh sive marketing set-up with a wide rea Rural areas too are covered street street and area by area spreading awa ness and giving the company's produc high visibility that is essential in its lin businesses. With an EPS beyond f value at Rs.11.69 for March 1991, scrip now quotes at Rs.253 and could, cording to Dave, go beyond the Rs. level within a year.

Worth tracking

Among the export units, Dave singles Eurotex Industries and Exports, a 100 cent EOU promoted by the Pato group (PBM Polytex & Patodia Synt as one that merits tracking. Makers cotton yarn for export, Eurotex's co mercial production commenced in A 1989. With an EPS of Rs.2.84 for Ma 1991, this could range between Rs.7 a Rs.10 for the year ended March 19 While it quotes at Rs.55 currently, market price could appreciate by 36 cent within a year.

In aluminium, Dave feels that Adi Birla's Hindalco holds out good prom Production of aluminium for 1991-9 anticipated at 165,000 tonnes agai 140,000 tonnes for 1990-91. An appli tion has also been made to raise prod tion capacity from 150,000 tonnes 300,000 tonnes per annum, with a co sponding increase in the capacity of a mina and semi-fabricated products. company scores in terms of cost of el tricity per unit which is around 56 paise against over a rupee for Indal and Nal While prices of the metal have fallen the international market from $2,500 tonne last September to around $1, per tonne now, the price is expected bottom out now. Net landed cost is marginally higher at around Rs.56 per as against the domestic price of arou Rs.52 per kg. With an EPS of Rs.18 for March 1991, the scrip quotes Rs.317.50. Dave forecasts EPS for Ma 1992 to range between Rs.25 and Rs and the price to go to Rs.400 before a y is out.

A fundamental analyst to the co Dave feels that the long-term outlook the market is excellent. Hopefully, la events will prove him to be a realist well.

UTUAL FUNDS

Time for private sector

rivate-sector mutual funds will have an important role to play in aiding ie growth of Indian capital market on healthy and mature lines

he concept of mutual funds is a fairly new one in the Indian economic scenario. A mutual fund could be defined as non-depository, non-banking financial termediary, which brings together the vestors who have surplus money to invest in corporate units who need the oney for their industrial projects.

The origin of mutual funds could be aced to the UK in the nineteenth century, which spread to the US in the beginng of the twentieth century. In India, e concept had its baptism in the form of e creation of Unit Trust of India (UTI) nder the UTI Act, 1964. Though the rst open-ended scheme was floated by TI in 1964, the mutual fund concept ught on only during the mid-eighties, nen the government allowed public-ctor banks and financial institutions to at their own mutual funds.

It has now been widely accepted as a werful vehicle through which the savgs of a large number of small investors pooled for deployment in various ock/money market securities, thereby ving the investors the benefit of high rerns coupled with safety of their investents. Most of the mutual fund schemes ated by UTI, bank subsidiaries, LIC, IC, etc, have met with overwhelming instor response, resulting in the mopping of over Rs.5,000 crore within a short riod of three years.

low comparable levels

espite all these strides made in the last w years, the conversion of household wings into investment in our country s remained much below comparable els in the western world. For instance, investor population in India is 16 million which compares quite unfavourably th Japan (25 million) and the US (50 llion). The percentage of house-hold wings that flowed into the capital mart in India is a poor 7 per cent, as against per cent in the US and 19 per cent in pan.

Perhaps this realisation has prompted government to throw the door open joint/private-sector mutual funds to plement the efforts to the public-tor mutual funds in converting household savings of investors, specially those from rural and semi-urban centres, into risk hedged investments and thereby spread the equity/stockmarket investment culture in those hitherto neglected areas.

Hitherto, the corporate sector had to look up to development financial institutions (DFIs) for their requirements of project finance and in turn, the DFIs were dependent on government grants and subsidised market borrowings. This route delayed the process of capital formation in our country, in addition to generating avoidable red tape. Through the process of economic liberalisation, the traditional dependence of the corporate sector on the DFIs is sought to be diluted, forcing it to access the capital market for its funding requirements. Realising that this is possible only if the capital market is well and truly developed, the government has permitted joint/private-sector mutual funds to not only augment the efforts of the public-sector mutual funds but also provide qualitative competition. This move is well in tune with the economic liberalisation measures being pursued by the government in its efforts to move towards a free market economy.

Sound framework

The new Industrial policy announced by the government seeks to pursue a sound policy framework encompassing abolition of industrial licensing, encouragement of entrepreneurship, development of the capital markets and increasing competitiveness for the benefit of the common man. These policies are intended to create a refreshing industrial environment devoid of stifling controls which limit growth and pave the way for rapid industrial growth.

Industrial development, triggered of by such policies of liberalisation, cannot be complete without a healthy and well developed capital market. Private-sector mutual funds will have an important role to play in aiding the growth of Indian capital market on healthy and mature lines.

Talking of competition, the recent economic history of India has shown that other things being equal, the private sector is more efficient than the public sector. This is because the public sector has failed to adapt itself to changing circumstances. The past has, however, shown that dynamism is not extinct in the public sector like when B. Ratnakar, the then chairman of Canara Bank envisaged the development of financial services and mutual funds in India well ahead of his contemporaries and transformed the organisations he headed into forces to be reckoned with.

The element of competition that private-sector mutual funds will provide to its private-sector counterparts should make interesting watching and as long as the competition is fair and there is no discrimination in favour of the public sector, the real beneficiary will be the investor.

The induction of private-sector mutual funds will aid the development of the capital market in the following ways:

- By acting as market-makers, they will provide more liquidity to the listed company's shares.
- They will provide stability to the market for a healthier capital market growth.
- They will help to spread the equity cult among rural/semi-urban savers, thereby transforming them from savers into investors.
- They will provide the much needed healthy competition to their public-sector counterparts, which may force the public sector also to perform more effectively in the long run.

It is the bounden duty of the government to ensure that there is level playing field for public/joint/private-sector mutual funds in the form of identical tax incentives so that private-sector mutual funds are not discriminated against.



■ K. DHARMAPAL

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L&T

Overall good performance; profit on sale of investments to the tune of Rs.17.06 crore; debenture and share quotations moving up on heavy speculation

Ever since Larsen & Toubro's (L&T) board of directors announced on 5 July that it would be calling for the remaining Rs.410 crore of its Rs.820 crore fully convertible debenture issue, the debenture price moved up to touch a new all-time high (*see chart*). Meanwhile, the share price stayed around Rs.112 for most of July but jumped to Rs.135 after the budget.

This speculation in the share overrode some strong selling pressure that brokers say was induced by the better prospects of the debenture vis-a-vis the share. In essence, arbitrageurs sold shares to buy debentures. Ashok Thakkar, a leading broker in L&T debentures, says that at Rs.320, the debenture is an excellent buy. This is because with the Rs.150 that remains to be announced per debenture, the total cost of each debenture (convertible to five shares) works out to Rs.470. This brings the cost per share to Rs.94, which is Rs.41 below the share price and thus an excellent deal even after adjusting for dividends lost till conversion.

The debenture price, Thakkar says, has firmed up since the Supreme Court directed L&T in April 1991 to go ahead with the rest of the issue schedule. L&T's board, after the removal of the Ambanis, had proposed cutting the issue by Rs.180 crore following a board decision to cancel the Rs.645 crore to suppliers to Reliance Industries. L&T at that time said it preferred to use the issue money to create assets of its own rather than for another company. The bulk of the issue receipts were targeted for cement instead.

Prior to the Supreme Court's decision, debentures in June 1990 traded as low as Rs.130 (shares traded at Rs.75) reflecting the possibility that each debenture might be converted into only four shares rather than five. Even now, the big difference between the share price and the value per share of the converted debenture rem a puzzle. With the first conversion due on December, broker R. Parikh pects this difference to narrow subs tially by that time.

Of equal interest to shareholders i new use of the funds. The Supreme C directed L&T to supply credit Reliance, but the latter has declined t cept credit now, perhaps because c have risen and the company is plan its own Rs.900 crore issue. This puts question L&T's participation as engi in the Hazira cracker project tempora off. However, the Ambanis might re and it could change. If that goes thro and if L&T gets shareholder approva its cement plants (about Rs.300 crore been used for drawing down debt lea enough funds for a 2 million to cement plant), both debenture and sh holders will probably have much to c about.

L&T			*(Rs crore)*
Year ended	31 Mar '91	31 Mar '90	% change
Net sales & other income	1404.05	1016.38	38
Raw material costs	759.80	509.92	49
Employee costs	140.25	118.59	18
Interest	86.49	66.42	30
Gross profit	130.20	99.51	31
Depreciation	55.92	49.24	13
Taxation	-	7.30	-
Profit after tax	91.34	42.97	112
Of which profit on sale of trade investment	17.06	-	-
Market price (Rs.):			
Current	125.00		
1990: High	166.25		
Low	70.00		



Mafatlal Industries

Higher exports coupled with relaxatio raw material prices boost profit marg dividend hiked by eight points; a Rs crore capital expenditure over the two years and emphasis on exports t more pronounced

Cotton (primary raw material for M fatlal's main product, cloth) produc peaked at 13.35 million bales in 1989 With a carry forward stock of 3.79 lion bales, prices were pegged at comf able levels till October 1990. Howe for the 1990-91 season ended Aug 1991, the crop estimate has been rev downwards from 12.2 million bale 11.5 million bales while exports of million bales were permitted by the g ernment. This was reflected in the grad hardening of cotton prices from Octo 1990 onwards. And from March 19 they have soared further upwards. carry forward stock also stands co spondingly reduced to 1.48 million ba It is expected that this will suffice to m demand upto mid-October. Further rection that cotton prices will move in pends on crop estimates for 1991-92.

For Mafatlal Industries, exports the year-ended March 1991 touche high of Rs.44.34 crore, up 28 per c The average cost per tonne of cotton fibre — the major raw materials for textile units, declined by approxima Rs.3,424. On the whole, raw mate

afatlal Industries			(Rs crore)
ar ended	31 Mar '91	31 Mar '90	% change
t sales and vices	167.62	141.45	+19
her income	13.98	12.23	+14
w materials st/sales (%)	31	36	
w materials nsumed	51.41	50.39	+2
nployee costs	23.44	20.61	+14
erating profit	*26.03	20.18	+29
erest	9.96	9.02	+10
oss profit	16.07	11.16	+44
preciation	7.80	7.51	+4
x	-	0.60	-
t profit	8.27	3.05	+171
uity capital	13.45	13.45	
serves and surplus	48.39	43.81	
bt: Equity	1.12:1	0.99:1	
oss block	105.48	98.82	
t current assets	56.51	44.26	
vidend (%)	30.00	22.00	
arket price (Rs.):			
rrent	1,190 (22/07/91)		
90: High	1,375 1989:	High	525
Low	365.00	Low	260

fter providing for Rs.5.56 crore as amount written off in pect of Mafatlal Engineering.
ditors qualifications: (1) Non-provision in accounts of ltiple shift allowance of Rs.6.70 crore in respect of the ancial years 1983-84 to 1986-87 which would have reduced reserves by Rs.5.12 crore had it been provided. Contingent liabilities of Rs.9.98 crore in respect of nands of Central Excise and for refund of excise duty.

sional grade connectors in technical collaboration with Siemens AG of Germany. The project, estimated to cost approximately Rs.26 crore, will go into commercial production by the last quarter of 1992. The next two years will also see about Rs.50 crore being invested in textile machinery as part of a modernisation effort aimed at boosting exports. While the exact means of financing for the above two projects is under finalisation, apart from internal accruals and borrowings, tapping the capital market is a possibility that cannot be ruled out.

Although higher cotton prices will exert pressure on margins in the first half of the current year, the management is confident of maintaining and even improving upon the 1991 performance. A good cotton crop for 1991-92 is naturally welcome. Exports are targeted at Rs.50 to Rs.55 crore and the thrust is on value-added processed fabrics.

A firm demand for cotton textiles, both domestic and international, leading to better realisations are some of the reasons behind this optimism.

Castrol India			(Rs crore)
Year ended	31 Mar '91	31 Mar '90*	% change**
Net sales and services	183.85	116.61	18
Other income	4.40	2.29	44
Excise duty	3.28	1.94	27
Raw materials consumed	129.60	79.96	22
Employee costs	7.02	4.75	11
Operating profit	38.29	12.00	140
Interest	4.16	4.08	23
Gross profit	34.13	7.92	224
Depreciation	1.55	1.26	-8
Tax	11.50	2.15	+302
Net profit	21.08	4.51	251
Equity capital	9.85	6.16	
Reserves and surplus	41.97	29.14	
Borrowings	84.12	59.97	
Net block	10.20	10.77	
Net current assets	56.92	47.45	
Dividend	45.00	27.00	
Market price (Rs.):			
Current	352.50		
1990: High	320.00		
Low	161.25		

** 9 months*
+ includes revaluation reserves
*** annualised basis*

Castrol India

Success of new product causes higher operating profits; higher taxes do not affect the bottom line; dividend increased from 36 per cent (annual) to 45 per cent

Castrol India, manufacturer of lubricating oils and greases, has announced phenomenal results for the year ended March 1991. Reasons for the improved performance have been attributed to a better product mix, gains in operational efficiency and better working capital management.

Castrol has introduced a new engine oil — the GTX2 — which is said to effectively deal with the auto engine's internal hazards. This product has been given the Donut Seal of Approval by the American Petroleum Institute. The company has performed well mainly due to the success of the GTX2. In fact, the turnover in automotive lubricating oils and greases has increased by 22 per cent.

The company has also increased its operational efficiency by decreasing its fixed costs in the form of higher capacity utilization. This figure has increased from an annualized 58 per cent to 65 per cent from the year 1989-90 to the current year.

The director's report also claims to have improved working capital techniques. However, the results are not yet visible as the current ratio has dropped from 4.42 to 3.61, while the quick ratio has plummeted from 1.26 to 0.90.

Castrol's imports as a percentage of total raw materials has increased from 1 to 5 cent in one year. The sudden 181 per cent (annualised) jump in the cost of imported raw material has caused the total cost for raw material to increase by 21 per cent (annualised). The company currently has a higher import content combined with a low export programme.

The sum total has resulted in swollen profits. Operating profits have jumped by 139 per cent (annualised). Net profits have skyrocketed by 251 per cent. Margins too foretell the same story. With the operating margins doubling from 10 per cent to 21 per cent, Castrol is riding on a high wave. Due to a 23 per cent fall in the annualised interest payments, the gross profit margin has shot up from 7 to 19 per cent. Even a 300 per cent higher contribution to the exchequer has not had a significant effect on the net margins, which have risen up from 4 to 11 per cent.

From the investor's point of view, Castrol has provided a good return. With 64 per cent of the shares in the hands of the

ts as a percentage of sales took a five nt drop (*see table*). Average price realiion of cloth — Mafatlal's money spin-, was also higher by 16 per cent. All se factors played their part in revving operational efficiency considerably. rofit margins perked up to 15.5 per lt (14.3 per cent) and 9.6 per cent (7.9 cent) at the operating and gross levels pectively. These margins, in actuality, ld have been higher at 18.8 and 12.9 cent respectively but for a provision Rs.5.56 crore — being the amount tten off in respect of Mafatlal Engiring. EPS has almost trebled to 61.49 (Rs.22.68) while Rs.30 per share .22) is to be paid out as dividend at a easier payout of 49 per cent (97 per t). The scrip which hovered at Rs.400 anuary 1990 had crossed Rs.1,000 by -1990 and touched a new high of l1,450 in 1991. It now quotes at l1,190, discounting earnings 19.4 es.

he company is setting up a project to nufacture 5 million per annum profes-

investors having come in the form of bonus issues (the latest 3:5 declared in January 1991), investors have not been overly concerned with the low payout ratio.

TRENDS

Britannia Industries

Engaged in the manufacture of bakery products and export of biscuits, cashew, computer software and general merchandise, Britannia Industries has clocked a 15 per cent higher turnover of Rs.362.13 crore. Sales of bakery products, the company's core business, rose by 24 per cent. Overall net profits, however, increased only slightly by 2.97 per cent to Rs.10.05 crore.

The company has recommended a final dividend of 17 per cent which, together with the interim paid in December 1990, totals to 29 per cent, hiking the payout by 20 per cent.

The company has been awarded star trading house status for their export performance, one of the four exporters to do so. Meanwhile, as already reported, the company has entered into an agreement to sell off its soya unit at Vidisha, MP to SM Dyechem.

For the six months ending March 1991, net profits, at Rs.4.86 crore, was lower by 1.42 per cent compared to the corresponding period last year. While sales increased by 27.7 per cent, raw material costs also rose by 32.25 per cent, leading to an increase in the raw material to sales ratio from 51.41 to 53.23. The operating profit to sales ratio, however, decreased from 6.27 to 5.72. Operating profits rose by 16.52 per cent and gross profit by 10.71 per cent over the corresponding period last year. But there were also sharp increases in depreciation and provision for taxes (increases of 33 per cent and 25 per cent respectively).

Britannia Industries *(Rs crore)*

Year ended	Oct '90-Mar '91	Oct '89-Mar '90	Apr '90-Mar '91
Net sales	196.09	153.51	362.13
Other income	3.72	4.12	5.58
Raw materials cost	104.37	78.92	194.46
Salaries and wages	12.61	11.75	25.67
Operating profit	11.21	9.62	22.76
Interest	1.70	1.03	3.57
Gross profit	9.51	8.59	19.19
Depreciation	1.32	0.99	2.69
Tax	3.33	2.66	16.5
Net profit	4.86	4.93	10.05
OP/sales (%)	5.72	6.27	6.28
RM/sales (%)	53.23	51.41	53.49

Gujarat Ambuja Cements

Gujarat Ambuja Cements, promoted as a joint sector company, is one of the large manufacturers of cement in the country. For the year ended June 1991, the company has scaled new peaks on all fronts, increasing dividend by 15 points to 40 per cent. Sales have zoomed by 31 per cent to Rs.153.24 crore. Production has gone up from 907,000 tonnes to 982,000 tonnes, achieving a capacity utilisation of 140 per cent. Also, the company has brought down the power consumption to 95 units per tonne. While, at gross level, the margin is placed at 32.01 per cent, the bottomline has more than doubled to Rs.39 crore (Rs.14.51 crore) yielding an EPS of Rs.19.50 (Rs.7.26).

Gujarat Ambuja Cements *(Rs crore)*

Year ended	Jan '91-Jun '91	Jan '90-Jun '90	Jly '90-Jun '91
Net sales	91.84	69.57	153.24
Other income	5.89	1.47	8.18
Raw materials cost	1.85	1.39	3.24
Salaries and wages	1.69	1.48	3.39
Operating profit	38.41	19.93	60.84
Interest	6.02	5.62	11.79
Gross profit	32.39	14.31	49.05
Depreciation	5.08	4.82	10.05
Net profit	27.31	9.49	39.00
OP/sales (%)	41.82	28.64	39.70
RM/sales (%)	2.01	1.99	2.11

RESULTS ANNOUNCED

Thomas Cook

Continues to perform well; declares dividend of 25 per cent on expanded capital

Thomas Cook, a name synonymous with travel, tours, foreign exchange and cargo, has recorded a growth of 15 per cent in its gross income to Rs.10.17 crore for the year ended March 1991. This is despite the volatile, economic and politica mate prevailing in the country and t vere impact of the Gulf War that to toll on the worldwide travel industr

After providing for depreciation taxation at net level, the profit work to Rs.1.87 crore — a 31 per cent hi yielding an EPS of Rs.17.80 (Rs.1 However, after taking into accoun bonus shares issued last year, the stands diluted at Rs.11.85.

Incidentally, the Thomas Cook g which holds 40 per cent in Thomas (India) celebrates its 150 anniversa July 1991.

Otis Elevator

Final dividend of 15 per cent decla expansion plans for a new facto Mysore going on

The largest manufacturer of eleva and escalators, with 52 per cent o equity held by Otis Elevator USA notched a 17 per cent higher turnov Rs.69.16 crore for the year ended M 1991. This is despite the curbs on go ment expenditure and the tight m market condition which had an ad impact on the construction industry

Nevertheless, on the exports front company crossed the Rs.3 crore m representing a growth of 63 per cen net level, the profit is up 7 per ce Rs.4.34 crore, pushing the EPS b paise to Rs.8.

While the competition in the eleva and escalators market is hotting up, is hopeful of increasing its turn through service income.

Mahindra & Mahindr

Turnover crosses the Rs.1,000 mark; offshore earnings fall as th remains idle for 160 days after co tion of its initial drilling contract ONGC

Although income for this tractor an lity vehicles manufacturer is up 1 cent to Rs.1037.90 crore, the net p has plummeted by 23 per cent to Rs. crore for the year ended March 199

With the growth in demand for tors continuing to increase, durin year under review M&M sold 2 tractors — up 24.4 per cent, thus inc ing its share from 17.8 to 19.3 per ce

tractor market. However, the company's automotive division took a beat- both in the domestic and overseas rket with sales down by 4,906 vehicles 3,732 vehicles to 30,057 and 1,307 ve- les respectively. The drop in exports s primarily on account of the Gulf r.

nnore Foundries

oduction down 5 per cent; dividend intained on annualised basis at 20 per nt

e drop in production has been attri- ed to the strained industrial relations ring the year. On an annualised basis, sales volume declined by 5 per cent to 878 tonnes; however, in value terms, turnover has increased by 6 per cent Rs.65.35 crore. After providing for de- ciation and financial charges the ofit is placed 24 per cent lower to 1.75 crore.

afatlal Dyes & nemicals

vidend maintained at 20 per cent; in- ase in the product line and addition of h value items to its marketing network s off

ile sales of synthetic resin dispersions volume terms has increased by 12 per t to 2,990 tonnes, the company's turn- r is placed 26 per cent higher at 63.58 crore. The growth in turnover is inly attributed to the increased nand from the textile sector.

With the profit after tax pegged at 1.37 crore, the EPS works out to 6.53 (Rs.5.40).

IN BRIEF

abuja Agro Industries expects to nplete its soya solvent extraction plant 0,000 tpa capacity by March 1992.

rocarbon & Chemicals, a Hin- than Development Corporation unit, utting up 150 tpd caustic soda plant d on the membrane cell technology at dia, West Bengal, at a project cost of und Rs.49 crore.

Rs.28 crore **Bhopal Sugar**'s current activities include the manufacture of sugar and soyabean crushing. The company plans to double its sugar cane crushing capacity to 2,500 tcd besides setting up another soyabean crushing unit of 200 tpd capacity.

Rathi Ispat has completed the expansion of its foundry division. It is in the process of increasing its melting capacity.

Engaged in the manufacturing of galvanised sheets, **Uttam Galva Steel** is implementing a backward integration programme by setting up a 50,000 tpa cold rolled (CR) steel strips plant at Donvat, Maharashtra. The CR mill is expected to go on stream by end 1991.

Dr. Reddy's Laboratories, leaders in the production of Norfloxacin and Ciprofloxacin, has declared a 1:2 bonus combined by a final dividend of 10 per cent, making it a total of 30 per cent for the year ended March 1991.

Jamna Auto Industries, engaged in the manufacture of leaf spring, has clocked a turnover of Rs.28.43 crore for the year ended March 1991. Of this exports accounts for Rs.4.30 crore.

Viewed against the adverse conditions in the cable industry, **INCAB**'s gross revenue of Rs.188.12 crore (Rs.163.44 crore) for the year ended March 1991 is remarkably good. On the export front, the company recorded an increase of over 68 per cent at Rs.13.84 crore.

Pennar Steels has completed the first stage of expansion, and is all set to retap the capital market with a rights equity issue at par.

GGT Kaypee has turned the corner notching a 43 per cent higher turnover of Rs.8.55 crore with net profit shooting up by 307 per cent. This is attributed to higher capacity utilisation of 75 per cent and better sales realisation of castings.

Bihar Sponge Iron has produced 160,300 tonnes of sponge iron achieving a 108 per cent capacity utilisation. The company has already started utilisation of iron ore fines in the modified kiln, which would raise the capacity to 180,000 tpa. Its second kiln is expected to be operational by mid 1992. The company's forward integration plans include putting up a 500,000 tpa steel mill.

Operating at over 120 per cent of capacity, **Kajaria Ceramics** has achieved a production of 25,167 tonnes and a turnover of Rs.25.15 crore (Rs.15.01 crore) with net profit pegged at Rs.2.56 crore (Rs.74 lakh).

The continuous modernisation and upgradation of **SWIL**'s plants has helped it notch a turnover of Rs.47.13 crore (Rs.40.34 crore) for the year ended March 1991. The company has taken up a modernisation cum expansion at Uttarpara and Nasik units at an estimated cost of Rs.30 crore.

Otoklin Plants and Equipment, a relief unit under the Bombay Relief Undertaking Act, has turned the corner posting a profit at net levels of Rs.7.17 lakh. Banks, after assessing the viability of the company, have provided a Rs.4.92 crore loan at a concessional rate of interest.

With the objective of expanding operations and further reducing dependence on outside sourcing of critical raw materials including imported items, **Hoganas India** plans to invest Rs.5 crore by 1992-93. The means of financing are being formalised.

With a view to improve productivity, **Pampasar Distillery** has embarked on a modernisation scheme. This is done by adding a continuous fermentation plant and a bottling line to increase production of value added brands of liquor. This project is estimated to cost Rs.4 crore. The company also plans for a Rs.45 crore petrochemicals project for the manufacture of monochlorobenzene and nitrochlorobenzene at Maharashtra.

The Pune-based leading manufacturer of diesel engines and bearings, **Kirloskar Oil Engines** has recorded a 11 per cent increase in the sales of engines for tractors. The company proposes to undertake the manufacture of gas turbines in the range of 3 to 10 MW in collaboration with Solar Turbine Inc USA.

Padam Industries has taken up an expansion programme involving an investment of Rs.4.10 crore. With this, the manufacturing capacity of texturised yarn will increase to 1,200 tpa and that of twisting yarn facility to 325 tpa. The company is also setting up a modern polyester nylon dyeing plant of 720 tpa capacity.

Madhusudan Industries has set up a new oil complex at Bundi, Rajasthan at a cost of Rs.6.03 crore, consisting of a 82,500 tpa solvent extraction plant and a 15,000 tpa oil refinery. At the Rakhail plant, Gujarat, the solvent extraction capacity is being increased to 75,000 tpa whilst the oil refinery capacity is being doubled to 15,000 tpa.

Deepak Nitrite's nitroaromatics project, with a capital outlay of about Rs.42 crore, is under implementation with trial runs for the manufacture of the intermediate product — monochlorobenzene — commencing in March 1991.

Cauvery Electronics

Incorporated in 1981, Cauvery Electronics is the first company in the Bombay-based Bush group (turnover Rs.170 crore) to go public. The company has its plant at Gandhinagar, Gujarat. During the 11 months ended February 1991, its total income was Rs.11.29 crore, on which it made a net profit of Rs.10.21 lakh.

The plant can make 100,000 black-and-white and colour TVs a year. The company is now planning to expand production — from around 35,000 TVs last year to at least 80,000 TVs this year.

The issue, mainly to raise working capital, is of 1.8 million equity shares of Rs.10 each to the public at a premium of Rs.5. An equity share from an existing profit making company of a well-known group at a premium of Rs.5 may appear to be quite attractive for investors. But given the slump in the TV market, Cauvery may not be the best buy.

Cauvery Electronics	
Issue opens	: 12 August 1991
Size of the issue	: Rs.2.88 crore
To Indian public	: Rs.2.73 crore
Instrument	: Equity shares of Rs.10 each at a premium of Rs.5 per share
Promoters	: The Mulchandani brothers
Objective of the issue	: Raise working capital
Project	: Manufacture 100,000 B&W and colour TVs
Listing	: Bombay and Ahmedabad

Cauvery's entire success hinges on its efforts to export colour TVs. Chairman Tirath Mulchandani claims that the company has already bagged an export order of 50,000 CTVs from a UK-based buyer and negotiations are on with other overseas buyers.

Several other large TV companies, however, hold the view that although it is not difficult to export CTVs, the price is certainly not remunerative. Mulchandani also partly admits this. According to him, since exports will cover the cost of sales, selling half the production (about 50,000 TVs) overseas will help the company utilise its capacity fully. The rest will be sold in the domestic market.

But even this will probably be a tall order. Demand for CTVs is falling due to high prices. Worse still, the budget has raised the excise duty on it. And above all, the four large companies together hold nearly 60 per cent of the CTV market.

After the issue, Cauvery's equity capital will go up to Rs.3.50 crore. The promoters will hold nearly 39 per cent while 61 per cent will be with the public.

Indana Spices & Food Industries

Indana Spices & Food Industries Limited (ISFIL), which manufactures pickles and spices under the Indana brand name, made its debut in 1986 with an equity issue which was nine times oversubscribed. Since then, its shareholders have consistently received a dividend of 16 per cent. For the year ended March 1990 ISFIL clocked a turnover of Rs.6.96 crore with a profit after tax of Rs.42 lakh yielding an EPS of Rs.3.18.

The company plans to increase its product range by diversifying into the blending, packaging and marketing of tea, refined groundnut, soya and mustard oil, besides setting up a flour mill. "The main products at the flour mill will be *maida, suji*, and wheat flour with bran as the by-product. The installed capacity of the mill is pegged at 150 tpd, of which about 60 per cent would meet the captive consumption of the group companies — Indana Foods for biscuits and Konark Udyog for bread consumption," explains H.S. Jalan, director of ISFIL.

The company's tea project will consist of a facility for blending and packaging 36 million kg tea a year while the refining oil facility will have a capacity of 100 tpd with a proposed product mix of 40 per cent of groundnut and 30 per cent each of soya and mustard. The flour mill pected to go on stream by Decembe year and the edible oil refining un June 1992.

Indana Spices & Food Industries	
Issue opens	: 8 August 1991
Size of the issue	: Rs.20 crore
To Indian public	: Rs.4.26 crore
Instrument	: 14 per cent convertible debentures of Rs.150 each
Promoter	: Hari Shankar Jalan
Object of the issue	: To undertake a diversification scheme
Cost of diversification	: Rs.24.60 crore
Listing	: Delhi, Bombay, Ahmedabad

Mahendra Suitings

After Blue Blends Petrochemicals, Industries and Jaybharat Fabric M one more Arya group company Mahendra Suitings Ltd (MSL) — is going public.

Engaged in the business of wea and marketing fancy design fabrics s 1987, MSL hopes to quadruple its w ing capacity with the present expansi

The prospectus does not divulge tures like supplier of the looms, insta weaving capacity, import content of materials and cost of impo components.

Apart from a small subsidy of R lakh, MSL is meeting its entire pro cost of Rs.5.16 crore from the equity i and a privately placed non-convert debenture issue of Rs.2 crore. The NC will increase its interest burden by Rs lakh. MSL's turnover has grown fr Rs.1.02 crore in March 1988 to Rs.1 crore in March 1991. For March 19 even though sales at Rs.7.64 cr showed a growth of 82 per cent over previous year's figure, it reported a loss of Rs.1.5 crore. Net profit Rs.35.22 lakh for March 1991, represe a mere 3.4 per cent of turnover, and cludes a depreciation writeback Rs.18.5 lakh.

Competition from the unorganised s tor and duties on MSL's major raw ma rials — polyester filament yarn a polyester viscose yarn — will play a ma role in the company's future profitabil

Mahendra Suitings	
Issue opens	: 12 August 1991
Size of the issue	: Rs.2.96 crore
To Indian public	: Rs.1.94 crore
Instrument	: Equity share of Rs.10 each at par
Promoter	: Mahendra K. Arya
Project	: Expansion by installin 24 rapier looms, warping machine, con winding machine
Cost of project	: Rs.5.16 crore
Plant location	: Mehsana, Gujarat
Listing	: Bombay, Ahmedabad

mpany	Closing price 26.7.91	Fortnight ago 12.7.91	P/E (times)	Yield (%)
P.Rayons	52.50	41.50	8.75	0.00
BB	152.50	147.50	17.20	1.77
bbott Labs.	60.00	55.00	25.47	0.00
CC	2875.00	2460.00	14.57	1.04
cme Mfg.	15.00	15.00	9.75	10.00
ddi Ind	85.00	18.00	8.17	2.94
hm Electric	540.00	560.00	23.43	2.96
fa Laval	240.00	235.00	18.26	0.75
kyl Amines	145.00	135.00	63.65	1.38
mal Rasayan	52.50	49.50	0.00	0.00
mar Dyechem	180.00	95.00	20.96	0.00
mforge	82.50	82.00	14.73	3.39
mrit Banas	68.75	61.25	11.99	2.91
ndh Cement	20.00	17.50	-1.30	0.00
ndhra Paper	1550.00	1350.00	8.73	1.61
ndh Valley	1475.00	1500.00	25.49	1.36
ntif Bearng	96.00	90.00	10.77	2.60
ollo Tyres	69.50	62.00	13.72	3.60
ple Ind	34.50	34.50	4.90	7.42
ihant Fab	30.00	30.50	10.66	6.67
w Mills	108.75	97.50	10.56	2.94
ahi Ind	98.00	97.50	0.00	0.68
th Leyland	120.00	155.00	14.39	2.25
ian Cables	35.00	32.50	5.15	4.29
ian Coffee	35.00	33.00	0.00	0.00
ian Elect	1350.00	1375.00	5.59	1.48
ian Hot	85.00	73.00	15.72	3.53
ian Paints	237.50	240.00	18.66	1.89
sam Co	175.00	160.00	19.55	3.14
sam Fr	345.00	300.00	12.44	2.17
tra IDL	87.50	88.75	13.42	1.94
as Copco	85.00	84.00	108.1	0.00
as Cycle	200.00	185.00	10.70	1.00
ma Steel	47.00	44.00	6.60	3.19
V Proj	45.00	45.00	6.25	3.89
tto Cor.Goa	62.50	62.50	24.12	3.20
ji Auto	625.00	582.50	20.87	1.60
ji Elect	1175.00	925.00	8.81	2.13
ji Plastic	80.00	61.25	6.32	0.00
ji Tempo	205.00	192.50	11.57	1.22
ke Hyl	47.00	49.00	11.49	3.83
lkrishna	152.50	142.50	7.65	1.18
larpur	300.00	290.00	14.89	1.00
nnari Amm	58.75	66.00	7.84	3.06
Rayon	700.00	530.00	56.84	3.57
SF	170.00	155.00	19.64	1.18
liboi	81.25	75.00	8.12	2.09
ver	975.00	875.00	18.74	2.26
L Forg.	32.00	32.00	10.96	6.25
l Cera	43.75	41.00	9.43	2.29
llary St	45.00	45.00	9.65	2.22
st & Crom	43.75	42.50	16.46	2.29
Bijlee	2200.00	2050.00	8.71	1.14
Forge	235.00	222.50	23.84	1.28
Gears	49.00	45.00	8.94	3.06
Seats	40.00	39.00	8.76	2.00

Company	Closing price 26.7.91	Fortnight ago 12.7.91	P/E (times)	Yield (%)
Bh Vijay	950.00	920.00	5.58	2.32
Bhadra Paper	162.00	160.00	19.30	2.31
Bhansali Eng	13.50	13.00	0.00	0.00
Bhil Syn	28.00	28.00	13.81	0.00
Bihar Caustc	40.00	31.00	0.00	0.00
Bimetal	160.00	153.75	13.26	1.38
Bind Agro	41.00	39.00	12.13	12.20
Birla 3M	115.00	130.00	0.00	0.00
Birla Jute	335.00	295.00	17.42	0.90
Birla Kenna	72.50	75.00	0.00	0.00
Blow Plast	142.50	125.00	9.53	2.63
Blue Blend	27.00	25.50	53.20	0.00
Blue Star	62.50	58.75	10.46	2.56
Bmd Found	155.00	150.00	15.50	1.55
Bom Burmah	1200.00	1150.00	10.86	2.92
Bom Dyeing	232.50	201.25	14.55	1.29
Bom Tyres	46.25	36.00	4.20	0.00
Boots	170.00	155.00	17.56	1.88
BPL Sanyotec	32.50	31.00	20.41	0.00
Britannia	172.50	162.50	31.87	1.68
Brooke Bond	150.00	140.00	21.06	2.67
BSES	110.00	112.50	10.69	1.64
Burroughs	120.00	117.50	27.07	1.38
Cable Corp	96.50	101.00	10.70	2.90
Cadbury	170.00	157.50	26.69	2.06
Camphor	65.00	53.75	6.25	3.85
Caprihans	86.25	78.75	5.88	2.90
Carbon Corp	42.50	42.50	6.92	3.53
Carona	26.50	24.00	29.35	7.55
Carr Air	18.00	17.00	-15.0	0.00
Castrol	418.75	357.50	19.57	1.07
Ceat Tyres	90.00	77.50	11.84	3.33
Cem Corp Guj	32.50	26.00	0.00	0.00
Cemindia	130.00	142.50	22.19	2.31
Cent Enka	2950.00	2500.00	28.31	1.66
Cent Text	6800.00	6300.00	22.20	0.74
Chem & Plast	190.00	175.00	13.55	1.58
Chem Drugs	77.50	82.50	8.05	3.87
Chemfab Alk	85.00	80.00	11.79	2.35
Chloride	105.00	105.00	17.11	3.05
Choksi Tube	42.00	37.50	11.04	4.29
Chowg Steam	69.50	58.00	48.34	0.00
Cimmco	125.00	87.50	17.76	1.28
Cipla	4850.00	4775.00	11.51	0.62
Citurgia	170.00	168.75	17.31	2.06
CI Diamonds	54.00	48.50	5.76	3.70
Coats	150.00	150.00	15.71	1.67
Coch Refin	840.00	800.00	9.55	2.50
Col Chem	1050.00	1050.00	20.09	0.00
Colgate	337:50	337.50	26.07	1.56
Corom Fert	75.00	67.50	17.37	2.67
CP Tools	690.00	620.00	27.42	1.01
Crompt Greave	1250.00	1150.00	9.47	1.44
Cyanamid	150.00	145.00	17.16	2.00
Dawn Mills	625.00	650.00	8.61	0.00
DCM Toyota	34.00	33.50	7.23	0.00

Company	Closing price 26.7.91	Fortnight ago 12.7.91	P/E (times)	Yield (%)
DCW	110.00	47.50	8.78	2.27
Deepak Fert	33.00	26.50	10.17	5.45
Deepak Nitr	100.00	91.00	7.32	3.00
Dharamsi	57.50	42.50	10.66	3.48
Diam & Chem	66.25	54.50	8.88	3.77
Dig Equip	60.00	46.00	0.00	0.00
Dr.Beck	92.50	72.50	15.73	0.00
Dr.Reddys	160.00	160.00	11.64	1.88
Dunlop	57.50	55.00	20.45	5.22
Duphar-Inter	80.00	80.00	14.90	1.88
E Coast Steel	72.50	72.50	25.20	0.00
E. Merck	135.00	118.00	41.34	1.48
E.I.Hotels	55.00	51.00	21.21	4.00
Eicher Mot	40.00	39.00	5.88	0.00
Eicher Trac	162.50	170.00	10.58	1.33
EID Parry	115.00	102.50	11.18	2.61
Elecon Eng	47.50	50.00	59.64	2.53
Elect Steel	115.00	115.00	10.50	2.39
Elgi Equip	270.00	265.00	15.17	0.74
EMA India	43.75	41.00	7.75	4.57
Esab India	97.50	96.25	41.31	1.54
Escorts	156.25	151.25	16.51	1.92
Escorts Trac	165.00	162.50	14.63	3.03
Eskayef	203.75	200.00	18.15	1.57
Essar Gujarat	81.25	80.00	46.90	4.31
Essar Ship	45.00	40.75	7.00	4.89
Eter Evere	115.00	115.00	11.67	3.04
Eurotex Ind	56.25	56.25	19.82	0.00
Excel	341.25	317.50	15.69	2.08
Fag Precision	85.00	90.00	5.71	2.35
Ferro Alloys	53.75	50.00	3.38	4.65
FGP	63.75	62.50	18.38	3.45
Ficom Organic	151.25	152.50	11.34	2.98
Finolex Cable	225.00	195.00	12.95	2.22
Finolex Pipe	24.00	24.50	7.79	7.50
First Leasing	34.00	32.00	4.84	8.24
Flakt India	87.50	72.50	22.04	2.29
Foods & Inns	180.00	180.00	21.00	2.78
Forbes Forbes	115.00	105.00	7.12	1.74
Fulford	290.00	290.00	48.84	0.46
G.E.Ship	81.75	73.50	18.47	2.45
G.K.W.	39.00	34.00	16.52	3.85
G.P.Electron	67.50	58.75	10.42	2.96
G.T.C.Indust	95.00	95.00	6.71	3.68
G.V.Films	22.00	22.00	9.66	8.18
Gabriel	49.00	50.00	7.94	3.67
Gammon India	110.00	120.00	19.48	2.27
Garden Silk	45.00	42.50	42.24	5.33
Garware Nylon	37.00	32.00	10.28	4.05
Garware Poly	49.00	45.00	-7.66	0.00
Garware Ship	27.00	24.00	9.40	5.56
Garware Wall	87.50	80.00	15.53	2.29
George Will	210.00	195.00	18.31	2.38
German Rem	125.00	132.50	34.88	1.60
Ginni Filam	34.00	35.00	0.00	0.00
Glaxo	142.50	130.00	26.89	1.89

Stockmarkets

Company	Closing price 26.7.91	Fortnight ago 12.7.91	P/E (times)	Yield (%)
GNFC	48.00	38.50	59.58	1.67
Godfrey Phil	305.00	280.00	6.68	1.64
Goetze	115.00	107.50	13.26	2.96
Gokak Patel	280.00	270.00	13.66	1.32
Goldstar St.	19.00	17.00	0.00	0.00
Good Nerolac	61.25	60.00	15.01	3.27
Goodricke	275.00	300.00	21.84	2.36
Goodyear	52.50	52.50	16.90	4.76
Govind Rub	100.00	106.50	5.64	1.70
Grasim	280.00	255.00	17.65	1.25
Greave Cott	88.75	87.50	8.88	2.03
Gremach CNC	35.00	33.00	0.00	0.00
Grind Nort	65.00	62.50	14.61	4.23
GSFC	250.00	210.00	22.32	1.20
Guj Alkalies	166.25	163.00	19.71	1.68
Guj Amb Cem	217.00	172.00	29.91	1.15
Guj Apar Poly	33.50	25.50	0.00	0.00
Guj Filaments	37.50	34.00	5.23	5.87
Guj Godrej	24.00	22.50	0.00	0.00
Guj Heavy Che	19.00	17.00	0.00	0.00
Guj Oiland	40.00	34.00	16.05	1.50
Guj Petrosyn	36.00	37.00	8.60	6.25
Harrison	205.00	190.00	19.41	3.66
Haryana Petro	50.00	45.50	5.41	4.00
Hawkins	35.00	35.00	10.09	0.00
HDC	100.00	92.50	20.40	2.00
HDFC	520.00	400.00	7.85	4.23
Herdillia	40.00	90.00	3.94	6.50
Hero Honda	90.00	80.00	9.13	0.00
Himat Seide	75.00	62.00	18.05	1.33
Hjnd Alloy	62.50	62.50	9.93	4.80
Hind Ciba	1900.00	1675.00	33.73	1.37
Hind Const	20.00	19.50	36.00	6.85
Hind Dorr	102.50	80.00	13.87	2.93
Hind Electro	70.00	65.00	7.81	3.93
Hind Lever	152.50	185.00	21.29	2.75
Hind Motor	27.50	24.00	549.4	0.00
Hind Oil Expl	31.00	23.00	102.6	0.00
Hind Spin	3675.00	3800.00	6.02	2.04
Hindalco	320.00	302.50	17.25	0.00
Hinditron	110.00	75.00	18.13	0.00
Hitech Drill	42.00	33.75	657.8	0.00
HMM	410.00	387.50	33.90	1.95
Hoechst	3500.00	3200.00	50.27	0.57
Hoganas	130.00	130.00	28.75	1.38
Hyderabad Ind	160.00	160.00	11.28	1.88
I.C.I.C.I	350.00	325.00	4.96	6.29
ICI	70.00	59.00	13.84	0.00
ICIM	30.00	23.75	8.97	0.00
IFB Ind	150.00	145.00	31.58	2.00
India Cement	230.00	175.00	11.84	1.09
India Foils	90.00	90.00	13.78	2.56
India Forge	70.00	65.00	30.00	1.71
India Glycol	61.00	62.50	101.2	0.00
India Gypsum	12.50	11.00	-5.21	0.00
India Photo	72.50	75.00	96.67	2.76

Company	Closing price 26.7.91	Fortnight ago 12.7.91	P/E (times)	Yield (%)
Indian Alum	185.00	182.50	13.12	1.62
Indian Card	170.00	155.00	13.64	1.76
Indian Dye	850.00	725.00	10.81	2.94
Indian Hotel	122.50	110.00	19.94	2.04
Indian Hume	260.00	260.00	0.00	5.77
Indian Org	55.50	45.50	21.50	1.80
Indian Rayon	164.00	134.50	21.08	1.83
Indian Seam	145.00	142.50	9.91	1.72
Indian Sew	56.25	56.00	12.16	4.44
Indian Shav	90.00	85.00	31.60	0.00
Indo Asahi	247.50	248.75	9.19	0.81
Indo Matsu	67.50	67.50	9.59	2.96
Indo Nat	185.00	190.00	10.87	1.35
Indogulf	48.00	36.50	480.0	0.00
Ingersoll	375.00	360.00	40.09	0.93
Invel Trans	68.75	58.00	66.11	0.00
Ion Exchange	90.00	92.50	14.72	1.44
Ipitata	75.00	71.00	25.57	0.00
ITC	241.00	201.00	20.41	1.56
IVP	110.00	82.50	19.72	1.36
J.B Chem	142.50	148.75	7.83	2.11
J.K.Ind	87.00	87.00	7.35	3.45
J.K.Syn	41.00	34.50	26.32	1.22
Jain Irr	123.75	96.25	12.09	1.45
Jamna Auto	90.00	90.00	7.50	0.00
Jayant Paper	67.50	65.00	16.37	2.96
JBF Ind	80.50	79.00	7.10	2.98
JCT	140.00	120.00	12.16	2.86
Jindal Drill	97.50	92.50	7.80	1.64
Jindal Iron	152.50	163.00	106.8	0.00
Jindal Strips	230.00	230.00	14.88	1.74
Kalyani Brake	72.50	72.50	14.80	0.00
Kalyani Steel	275.00	250.00	27.73	2.73
Kelvinator	130.00	130.00	12.41	1.54
Kerala Chem	260.00	230.00	16.11	1.35
Kesoram	120.00	92.50	24.90	1.25
Khautau Junk	62.50	57.50	4.62	4.00
Khoday Dist	27.00	27.00	11.20	4.44
Kinetic Eng	177.50	157.50	13.13	1.41
Kinetic Honda	69.50	70.75	19.80	0.00
Kirl Bros	122.50	115.00	12.41	1.84
Kirl Cummins	147.50	146.25	20.46	1.36
Kirl Oil	76.00	73.75	9.67	2.11
Kirl Pneu	42.50	37.50	15.97	4.24
Kit-Ply	21.00	21.00	7.79	10.48
Klock Wind	187.50	192.50	19.49	1.28
KSB Pumps	230.00	215.00	28.06	1.09
Kunal Eng	105.00	102.50	7.23	2.38
L&T	135.00	112.00	11.15	1.85
Lakhanpal	60.00	62.00	11.38	2.67
Lakme	265.00	270.00	26.09	1.89
Lakshmi Mach	3700.00	3700.00	18.53	0.68
Lakshmi Mill	1400.00	1400.00	8.61	1.79
Lipton	162.50	137.50	43.90	1.35
LML	25.00	24.50	133.7	0.00
Lorcom	105.00	110.00	9.25	2.38

Company	Closing price 26.7.91	Fortnight ago 12.7.91	P/E (times)	Y
Madhusudan	65.00	62.50	8.48	
Madras Alum	250.00	150.00	22.50	
Madras Cem	5400.00	4700.00	8.86	
Madura Coats	250.00	250.00	36.74	
Mafatlal Fine	720.00	650.00	22.62	
Mafatlal Ind	1275.00	1160.00	20.74	
Mah Scoot	200.00	190.00	10.97	
Mah.Safe Gl	35.00	36.00	8.29	
Mahavir Spg	220.00	190.00	10.21	
Mahin & Mahin	70.00	66.25	15.94	
Mahin Nissan	16.00	14.50	-10.7	
Mahin Ugine	52.50	53.75	14.42	
Malwa Cotton	170.00	167.50	8.32	
Mandovi Pell	70.00	52.50	0.00	
Mangalam Cem	100.00	80.00	17.38	
Mangalore Che	15.00	11.50	0.00	
Max India	85.00	77.50	9.19	
McDowell	62.50	65.00	12.36	
McLeod Russel	162.50	160.00	14.99	
Merind	122.50	135.00	15.53	
Miles India	70.00	65.00	21.85	
Mipco Seam	42.50	33.00	11.49	
Modern Suit	38.00	45.00	17.84	
Modi Rubber	65.00	61.00	9.50	
Modi Xerox	80.00	77.00	16.31	
Modipon	70.00	67.50	2.49	
Monsanto Chem	67.50	58.00	23.28	
Montari	80.00	75.00	12.32	
Morarjee Gocu	265.00	265.00	11.00	
Motor Indust	1375.00	1410.00	35.04	
MRF	560.00	540.00	11.33	
Mukand	151.25	147.00	19.15	
Munjal Showa	65.00	62.50	13.00	
Murud Ceramic	57.50	55.00	8.72	
Mys Kirlos	52.50	47.50	7.19	
Mys.Petro	61.25	55.00	7.74	
Mysore Cement	142.00	96.00	27.50	
Nag.Signode	120.00	125.00	16.31	
Nagar Finance	14.00	15.00	4.25	1
Nahar Spg	600.00	635.00	7.06	
Nalco Chem	190.00	190.00	66.43	
Nat Peroxide	2100.00	2050.00	83.28	
Nat Radio	530.00	550.00	47.43	
Nat Rayon	750.00	490.00	0.00	
Nestle	177.50	162.50	55.09	
Nicholas Labs	290.00	260.00	13.98	
Nippon Denro	27.00	24.50	6.38	
Nirlon	30.00	23.00	-2.54	
Nocil	1625.00	1330.00	16.36	
O.E.N. Conn	80.00	65.00	8.11	
Oil Country	19.50	18.50	129.2	
Onida Savak	75.00	77.50	19.18	
Orient Cont	110.00	87.50	8.18	
Orient Paper	170.00	180.00	12.41	
Orissa Cement	200.00	170.00	7.61	
Orissa Sponge	78.00	76.25	18.95	

mpany	Closing price 26.7.91	Fortnight ago 12.7.91	P/E (times)	Yield (%)
kay	33.00	26.50	52.80■	0.00
swal Agro	42.00	38.00	9.71	11.90
is Elev	220.00	205.00	27.22	1.14
udh Sugar	1100.00	925.00	9.50	2.50
&G	280.00	300.00	41.75	1.07
admatex	36.00	34.00	9.42■	0.00
aras Synth	85.00	66.00	4.98	2.94
arke Davis	95.00	96.25	6.71	2.53
atheja Forg	97.50	94.00	11.19■	2.56
earl Poly	28.00	29.00	14.92	7.14
ico	93.00	89.00	11.26	2.15
nnar Steels	28.75	31.00	6.49	4.17
zer	105.00	100.00	35.26	1.90
lar Latex	32.00	30.00	0.00	0.00
lychem	67.50	65.00	15.81	2.67
lyolefins	1490.00	1250.00	17.91	2.68
nds	265.00	271.25	35.04	1.42
nni Sugars	35.00	32.00	9.75	5.14
akash Ind	46.00	42.00	6.27	5.43
em Aut Elec	35.00	29.00	10.19■	4.57
em Tyres	250.00	225.00	0.00	0.00
em Vinyl	43.00	44.00	6.88■	0.00
emier Auto	46.00	44.50	89.90	3.91
emier Cons	200.00	200.00	4.85■	10.00
l Data	28.00	23.00	16.85■	10.71
nj Alkalies	51.25	47.50	8.49	3.51
nj Tract	255.00	262.50	12.05■	0.00
nsumi	23.50	23.50	11.85	6.38
asi Cement	85.00	62.00	0.00	0.00
j Petro	67.50	74.00	6.37■	0.00
llis	97.00	77.50	114.1■	1.03
nbaxy	260.00	227.50	19.56	0.96
ne Madras	170.00	165.00	9.92	1.47
picut Carb	57.50	57.50	14.04■	5.22
soi	60.00	65.00	27.69	3.33
thi Alloys	50.00	47.50	6.77	8.00
y Synth	21.50	20.00	0.00	0.00
y Wooll	173.75	155.00	20.86	1.44
ck Colman	302.50	300.00	27.06	1.57
g Ceramic	14.50	15.00	20.71■	0.00
nz Talbros	80.00	66.25	11.65■	0.00
Petro	28.50	29.00	47.50	6.32
iance	151.50	136.00	18.36	1.98
iance Cap	48.00	47.00	22.64■	0.00
vathi C.P	97.50	100.00	10.26	2.56
one-Poulenc	127.50	117.50	22.59	1.41
o Auto	95.00	91.25	10.53■	0.00
che Prod	71.25	75.00	199.7■	1.68
llatainers	240.00	230.00	9.47	1.46
blas	40.00	40.00	615.8	3.75
st & Horn	48.75	42.00	12.01	0.00
Shipping	1800.00	1725.00	6.00	2.22
Viscose	1550.00	1225.00	16.99	2.26
nd Asia	1360.00	1175.00	15.60	2.21
ndoz	110.00	112.50	15.67■	1.64
ghi Poly	15.00	13.50	0.00	0.00

Company	Closing price 26.7.91	Fortnight ago 12.7.91	P/E (times)	Yield (%)
Sarda Ply	37.50	35.00	4.06■	0.00
Saw Pipes	115.00	97.00	31.50	0.00
Scindia	14.50	15.50	-0.61■	0.00
Searle	155.00	160.00	19.64	1.42
Secals	125.00	140.00	18.09	1.68
Sesa Goa	452.50	360.00	42.76	0.44
Shaw Wallace	140.00	130.00	18.38	3.04
Shr Honda	40.00	40.00	14.29■	0.00
Shree Acid	48.75	33.00	7.89	3.69
Shree Cement	80.00	62.00	11.53■	0.00
Shree Synth	65.00	57.50	22.52■	0.00
Shrey Paper	85.00	85.00	6.41■	0.00
Shri Dinesh	875.00	750.00	28.17■	2.51
Siemens	162.50	150.00	23.94	1.38
Simplex	105.00	110.00	5.49■	0.00
Sirp Paper	125.00	125.00	6.01■	1.20
Siyaram	58.00	52.00	11.00	3.62
SKF Bear	2850.00	2600.00	39.88	0.53
Skol Brew	30.00	23.00	8.30■	5.00
SM Zschimmer	72.50	73.75	0.00	0.00
Spartek	67.50	67.50	10.14	2.67
Special Steel	175.00	165.00	15.74	1.43
SPIC	74.00	54.00	15.97	2.16
Sree Ray Alk	27.00	28.00	86.09	0.00
SRF	52.50	37.50	18.16	0.00
Stan Ind	111.00	100.00	36.87	1.80
Std Battery	65.00	65.00	21.67■	2.46
Steel Strips	27.00	27.50	10.43	7.41
Steelage	33.00	29.00	9.95	6.06
Sten Apparel	44.50	37.00	0.00	0.00
Sterlite	125.00	120.00	6.09	3.20
Stovec Ind	280.00	320.00	8.96	0.96
Straw Prod	167.50	145.00	11.38■	1.79
Su-Raj Diam	51.50	44.00	6.69■	4.85
Sulzer	140.00	125.00	54.27■	0.00
Sund Clayt	37.50	40.00	19.97	3.20
Sund Fasten	105.00	101.00	19.12■	0.00
Sunflag	25.50	25.00	0.00■	0.00
Super Sales	140.00	125.00	9.46	2.14
Supreme	292.00	280.00	23.78■	0.94
Surat Elec	925.00	910.00	29.83	1.95
Surya Agr	18.00	14.00	8.03	0.00
Swaraj Eng	110.00	99.00	14.69■	1.82
SWIL	97.50	86.00	8.63	3.08
Synth & Chem	56.25	44.00	8.89■	4.44
TN Petro	56.00	54.50	13.43	2.68
Tata Chem	80.00	75.00	13.27	3.12
Tata Davy	45.00	41.25	0.00	0.00
Tata Fin	54.00	55.00	17.53	3.70
Tata Honey	92.50	82.50	0.00	0.00
Tata Hydro	1500.00	1500.00	29.23	1.33
Tata Metals	275.00	260.00	9.53	1.09
Tata Power	2180.00	2050.00	44.64	0.92
Tata Robins	51.25	40.00	31.35	3.12
Tata Steel	233.00	217.00	33.49	1.33
Tata Tea	435.00	362.50	14.41	2.32

Company	Closing price 26.7.91	Fortnight ago 12.7.91	P/E (times)	Yield (%)
Tata Telecom	117.50	117.50	20.26	1.28
Tata Unisys	325.00	235.00	21.09	0.92
Tata Yodogawa	100.00	90.00	12.50	2.50
Tea Estates	210.00	190.00	23.59	2.86
Telco	261.25	250.00	19.07	1.53
Thomas Cook	220.00	250.00	18.59	1.14
Tinplate	42.00	36.00	3.12	3.57
Titan Watches	77.00	76.00	22.69	2.34
Titanor Comp	127.50	122.50	0.00	0.00
Tomco	91.25	77.50	15.71	2.19
Transpek	190.00	175.00	25.81	1.05
Tristar Soya	72.00	58.00	4.92■	0.00
Triveni Eng	165.00	140.00	9.20■	0.00
Twent.Cent	30.00	31.00	6.78	8.00
UB Petro	34.00	30.00	0.00	0.00
Ucal Fuel	73.75	61.00	348.0■	0.00
Ultramarine	166.25	155.00	11.88■	2.41
Unichem Lab	135.00	120.00	9.90■	0,74
Unit Carbon	1550.00	1250.00	18.08	1.29
Unit Phosp	232.50	210.00	14.38■	1.08
Unitech	35.00	35.00	5.63	6.29
Usha Martin	62.50	62.50	14.65	3.68
Vam Org	182.50	187.50	11.79■	1.92
Van Dyes	65.00	58.75	11.39	2.31
Varun Ship	29.00	32.50	4.05	9.31
Vickers Sys	100.00	92.50	14.29■	2.50
Videocon App	130.00	107.50	8.71	1.92
Videocon Int	210.00	175.00	4.78■	2.86
Videocon VCR	56.25	50.00	14.06■	0.00
Vikrant Tyres	34.00	30.00	6.99■	4.41
Vin Synth	34.00	29.00	11.98	2.94
Vindhya Tele	66.25	63.75	23.28	3.62
VIP Indus	61.00	62.00	4.91	4.10
Visaka Ind	45.00	45.00	77.00	2.22
Voltas	125.00	120.00	1.36	21.60
VST	177.50	175.00	17.55	2.54
Walchandnagar	32.50	27.50	2.57	0.00
Warren Tea	220.00	180.00	16.61	3.64
Wartsila	130.00	115.00	39.16■	0.00
Wellman Inc	50.00	52.50	42.86■	2.40
Wendt	50.00	52.50	50.00	0.00
West Coast	585.00	550.00	21.23■	0.00
West Ministil	53.75	55.00	13.33■	4.19
Willard Ind	65.00	65.00	6.78	2.31
WIMCO	36.50	35.00	4957■	0.00
Wipro	290.00	275.00	4.28	0.10
Wyeth Lab	110.00	90.00	35.07	1.36
XLO Gwb Car	33.75	33.75	5.27■	0.00
Yoko Keonics	72.50	63.75	15.38■	0.00
Z F Steering	41.00	41.00	27.13■	3.05
Zenith	30.00	26.50	-1.06	0.00
Zuari	90.00	72.50	10.16	3.61

P/E: Market Price/Earning per share
Yield: Dividend as a percentage of market price
■ : Based on unaudited net profit. Dividend for such companies pertains to the previous accounting year.

Prize unclaimed

Unlike the rising index of scrips our winners are dwindling. For IC347, we have no winners.

Scrips	Prices as on Friday 17 June 1991 (Rs.)	Prices as on Monday 15 July 1991 (Rs.)	Ranks
Baroda Rayon	480.00	570.00	3
Castrol	293.00	352.50	1
Indogulf	34.00	37.00	5
Merind	115.00	135.00	4
Std Ind	93.00	111.00	2
Tata Tea	331.25	355.00	6

Given here is a new list of six scrips, and their closing prices on 26 July 1991. Pick the share that you think will rise the most in percentage terms by 26 August 1991 and rank it number one. Then choose the one that you expect will rise the second most and rank it number two. Then number three, and so on till rank six. It's as simple as that!

So, in this Investor Contest, you don't have to predict the price of shares; you merely have to rank the performance (in percentage terms) on the basis of the prices you expect each to reach on 26 August 1991. You don't have to tell us the prices nor even the percentage changes you expect — only fill in the ranks from one to six.

Please note that if you assign the same rank to two scrips, then the following one should be ranked the next consecutive number. For example, if you rank two shares at number three, the next will be number four (in which case, of course, your last rank will be five).

Rules:

1. There is no entry fee.

2. The price mentioned last in the official quotation list will be taken as correct for the purposes of calculation. If the stock exchange remains closed on the stated last day, the closing price on the prior day will be used.

3. Entries must be on the printed form given below. Any other entries will be disqualified.

4. Only one entry will be permitted per form.

5. Envelopes sent in should be marked Investor Contest. All entries should be sent to: Investor Contest, **Business India**, Wadia Building, 17/19 Dalal Street, Bombay 400 001, by 5 pm, 22 August, 1991.

6. Business India's decision on the winning entries is final and binding, and no correspondence in this regard will be entertained.

7. The contest is open only to resident India. No employee (or any direct rela of an employee) of the **Business In group of publications** is entitled to e the contest.

8. The prize of Rs.5,000 will not be car forward if there is no winner. In the e that there is more than one winner, the p will be shared equally.

Name of scrip	Prices as on Friday 26 July, 1991 (Rs.)	Rank as on Monday 26 August, 1991 (please fill in number)
Gujarat Ambuja	217.00	
ITC	241.00	
SPIC	74.00	
Castrol	418.75	
Punjab Tractors	255.00	
Polar Latex	32.00	

Name: _____

Address: _____

Age: _____

Profession: _____

Date: _____

IC



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MANAGEMENT DEVELOPMENT PROGRAMMES

To the great outdoors

According to the Rambo School, the great outdoors can be a more effective training ground than classrooms

Armed with torches and compasses, 20 executives from the Export Credit and Guarantee Corporation (ECGC) were recently taken to the Borivli National Park, located in suburban Bombay. The agenda included rock climbing and a night-time treasure hunt. "It was exhilarating," says participant Ambika Devi.

Which it must have been. The difference was, the fun came packaged with a management development programme devised jointly by Behavioural Science Centre (BSC), India and High Places (India), two Bombay-based private consultancy firms. The idea was to place the participants in a challenging risk-taking situation.

Says M.V. Deshpande, director of BSC, "Mountaineering is practised as a hobby; but as a managerial tool, it is being used for the first time." And Jerry D'Souza, HRD manager at Herbertsons, and one of the faculty members, says, "The experience is real, not simulated. It is not a simplistic classroom situation, nor a role-playing experience in a training game. People really shed their inhibitions."

Case studies, seminars and simulated classroom games are no longer the only methods to impart development education. Experiential learning becomes a vital component — a shift from the campus to the campfire. When confronted with the raw stark realities of the outdoors, a new look at leadership emerges. Different situations call for different types of leadership. None of the tasks assigned are familiar or comfortable; it is not easy to mask inadequacy with technical jargon or management *mantras*. The message is that the completion of tasks needs teams which, in turn, need leaders.

Outdoor settings for management training came into vogue in the seventies, in the US and Europe. A variety of outdoor experiences were used to push participants to the limits of their physical and mental endurance, in activities like mountain climbing, and canoeing. As was to be expected, such 'Rambo' type tests kicked off a spate of criticism that they were light on learning and exercised more muscle than mind. Since then, both course content and techniques have been refined radically — individuals need no longer prove their physical prowess repeatedly.



Rock climbing for executives: a new kind of experience

Indian companies are now beginning to try out this technique. In yet another outdoor session, 13 participants from a clutch of companies, including ONGC, Cadburys and Ceat, trekked to Malshej Ghat in Maharashtra. The five-day programme was crammed with a series of planned outdoor activities as well as review sessions. Programme conductor Vasant Limaye of High Places (India) says: "The objective was to provide a hands-on outdoor experience in which team spirit, leadership and communication skil would be tested." And participant J. M hajan, a systems manager at Cadbury says, "It was a totally new kind of exper ence. The spirit of competition and th adverse circumstances were akin to wh one faces in real life situations."

Post-exercise debriefing

The crucial part of the course was th post-exercise debriefing in which eac group's handling of the exercise was re viewed. This included the planning fo tackling the task, use of resources and most important, the contribution an role of each individual member of th group in the overa team performanc Says Limaye, "Th nature of the pro gramme encourage the acceptance of new skills, attitudes an approaches in a cha lenging atmosphere."

"Gone are th days," says Jame Bolt, in his definitiv work entitled *Execu tive Developmen* "when executives wer simply sent off to som company for a week o lectures. It is no longe enough to sponso nice-to-attend semi nars that are high o entertainment and lo on lasting impact." I the US, corporation have taken to th outdoors technique i a fairly big way; Bel South Services Corpo ration, for instance, has nicknamed it outdoor programme as the Rambo School.

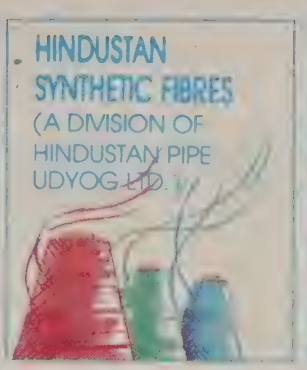
The Americans are not a people known to spend time and money on useless edu cational pursuits; one could surmise the that Rambo training does manager good. Though it has nowhere near ever caught on here in India, it's a good sig that at least some companies are trying it And finding their managers so much th better off for it.

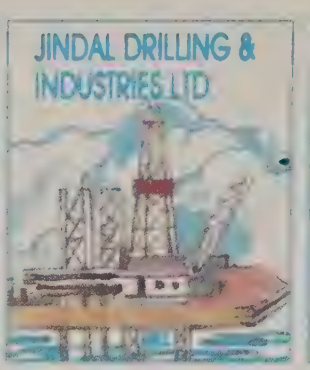
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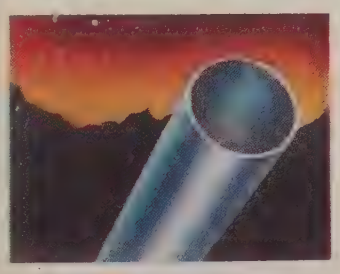
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Sobhagya/203/91

The Empire strikes back

RECOLONIZATION: GATT, The Uruguay Round & The Third World
By Chakravarthi Raghavan
Third World Network, 1990
Distributed by the Other India Bookstore, Goa, pp.320, Rs.150

Patents and intellectual property have figured much in public debates, particularly over the question of whether we should join the Paris Convention. The convention, a hundred-year-old institution, seeks to protect patent rights, the principle underlying it being equality of patent rights which of course, is based on a fundamental inequality of technological development.

This inequality is apparent from the extraordinary statistics that the entire developing world possesses exactly one per cent of patent rights, whilst foreigners, principally multinationals, own 84 per cent of patent rights in developing countries. The convention thus seeks to preserve this iniquitous *status quo*. This issue is one of several, the others being the inclusion of services and investment rights which form the basis of the Uruguay rounds of the GATT talks.

No room for doubt. The book under review examines the political and legal ramifications of the Uruguay round of GATT, the title of the book leaving no room for doubt on the standpoint of the author. It may, in normal circumstances, be dismissed as just a polemic for Third World interest, harping on the semi-obsolete concept of sovereignty. In this case, the argument is justified. The issue goes much deeper than whether we are compelled to join the Paris Convention and amend our Patents Act (which restricts the operation of patents in the public interest); it is concerned with the issue of equality among nations and their respective trading rights. The Uruguay round seeks to open up trading opportunities for wealthier countries vis-a-vis the Third World, without any concessions from the former.

The fact is that issue by issue the Third World is getting a very raw deal, there being hardly any reciprocity or equity in the changes envisaged in the Uruguay Round. The tenacity and aggressiveness with which the US has pursued the patents issue must be a source of acute embarrassment even to its apologists. But ironically at least one thing can be said in favour of the US: its policy-makers are acutely conscious of their own self interest. And that is more than can be said for some of ours.

Let us not mince words, what the US is attempting to do amounts to economic mugging. It wishes to reserve intellectual property rights without subjecting them to any form of competition legislation. This helps to provide their own companies with a *rentier* income indefinitely, without any relaxation or concession on the traditional business of GATT in respect of Third World export goods, such as tropical products and textiles. And by unilaterally putting India on Special 301 provision of its Trade Act, the US has made its opinion of multilateral negotiations process crystal clear: *pis aller*!

The strength of the book lies in the historical background to the Uruguay Round and the development of GATT. The Agreement was a product of the enlightened thinking which characterised the years after the Second World War. The author attempts to nail the falsehood that world trade expanded as a consequence of GATT. He reasons that, fact, expansion of world trade was an effect rather than the cause of world economic expansion.

Not very useful. At any rate, GATT w more significant for First World countries who were content to reduce the mutual tariff and non-tariff barriers b not those in respect of Third World countries. In fact, GATT has been pretty useless as a forum for development issue leading to the formation of UNCTAD an organ of the UN general assembl where wide issues of international economic relations could be discussed.

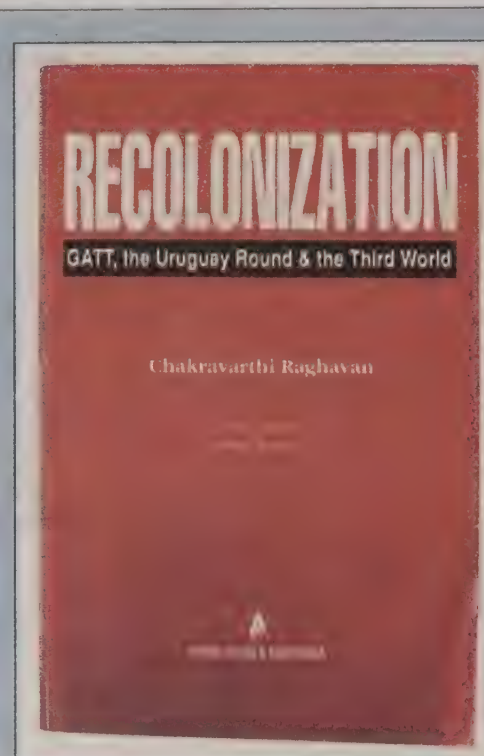
The US chose GATT as the best foru for implementing the structural chang in the rules of world trade, primarily b cause of GATT's compos tion. In theory, a contracting parties GATT are equal, but practice, the understandi is that views of those cou tries with the largest stal in the international tradi system should prevail. the Uruguay Round, fe example, it was explicit stated that the 'trad weight' of the US, EE Japan and the OEC countries should pr vail over the low trad weight of the few who op posed it.

This book is require reading for those wh mouth the usual inaniti such as globalisation an market forces. Not that these ideas are i herently wrong. Far from it. The point that the West, more particularly the U excels in chastising other countries for b ing protectionist and not opening up the economies to the discipline of the marke yet large areas of their own economies a protected — such as agriculture and te tiles, which they remain silent on.

Ultimately, what is being pushed is n the ideology of liberal capitalism (there nothing particularly capitalistic about rigid system of patents), but the self inte est of the country. This is what classic im perialism was all about; hence th appositeness of the term 'recolonisatio and the value of this book.

■ JAVED GAY

The strength of the book lies in the historical background to the Uruguay Round and the development of GATT. The author attempts to nail the falsehood that world trade expanded as a consequence of GATT



eserving nic groups



OLD CITIES, NEW PREDICAMENTS: A study of Hyderabad
By Ratna Naidu
Sage Publications
pp 178, Rs.190

a Naidu's urban sociological work takingly studies the quality of the acteristic walled city of Hyderabad. ublication is timed to coincide with uadricentennial of Hyderabad.
idu's study is at two levels. One as- s the extent to which the juxtaposi- of two sensitive communities, their ty patterns, urban congestion and of infrastructure, the out migration succession patterns, spatial fusion cultural fission, competition, multi- eprivators and the ethnic ghetto acter is acerbated by political articu- n that keeps the communal cauldron antly on the boil. The second level res the possibility of restoring wal- ties to a viable urban unit.
is work, born out of a research pro- — "Old (walled) cities in India", d by the Planning Commission and ted between 1984 and 1986 — is well ed in its methodology, approach, of reference and chapter heads. The interests not only social scientists, lso urban planners, historians and rvationists.
e post-independence analysis of the d city reveals an almost kalei- opic quality of out migration of ims immediately after partition. The itation of constituency boundaries 54, 1966 and 1976) has further po- d the electorates into near-equal unal halves, highly politicised eth- oups, each trying to establish social, al, political and spatial supremacy lensely congested concentric urban g.
idu has succeeded in highlighting ultiple deprivations of walled city nts. She makes two suggestions that improve conditions of residents in sensitive areas. The walled city d be declared a "protected area" be- "the core of the inner city is a treasure house of historical and cultural heritage". The second suggestion is a revitalisation of the economic ability of inner city residents.

The first solution is fraught with the danger of politicisation, manipulation for vested interests and the possibility of isolation of one community from the mainstream. The preception of a "protected status" for one community inevitably leads to resentment and ultimate retaliation by the other.

Any revitalisation programme should broadly be universally applicable to all economically deprived residents. What is needed is an open approach, not walls to preserve the *status quo*.

■ PADMA RAMNATH

Soft or synergistic?



WORK CULTURE IN THE INDIAN CONTEXT
By Jai BP Sinha
Sage Publications, 1990
pp 238, Rs.190.

The book studies the work culture prevailing in six organisations — two steel plants (one public and one private), two fertiliser factories (one public and one cooperative) and two nationalised banks. In the study, sponsored by the Indian Council of Social Science Research, 520 managers (from lower and middle levels) from these six organisations participate.

According to Sinha, the productivity and performance of an organisation depends on the work culture prevailing in that organisation. There are two kinds of work culture — soft and synergetic. The soft one grants priority to welfare and industrial relations. It prevails where management style is pliant and the work does not form the central part of the life of the employees. It is characterised by low motivation to work, high rate of indiscipline, inability of the management to take hard decisions and control militant trade unions and indifference to modernisation of plant and machinery. Work suffers in these organisations resulting in low productivity and performance.

By contrast, in a synergetic work culture, productivity leads to welfare. The management style is assertive and humane and the work forms a central part of the life of the employees. Hard work is appreciated here. The management is capable of taking tough decisions, it has control over militant trade unions and gives thought to upgradation of technology. The employees feel the synergy between their career and the growth and profitability of the organisation. Productivity and performance are, therefore, higher.

The author has enumerated the steps to be taken for a planned change from soft to synergetic work culture to improve the productivity of such organisations.

This book is an asset to management scholars and practising managers interested in improving the productivity of their organisations. But a more simple manner of presentation would have been welcome.

■ K.N. PILLAI

Handy travelogue



INTERNET WORLD: An International Travellers' Handbook to the World
Team Productivity Consultants, Bombay
pp 202

Yet another travel book, but with a difference — it doesn't waste your time. Put together concisely, *Internet World* is a storehouse of information relevant to the Indian traveller, be he a frequent one, a first timer, a tourist or even a harried secretary.

The book lists all the obvious data that one would expect on most major cities in the world — visa regulations, customs allowances, restaurants and hotels. There are also those little extras such as a painstaking listing of Indian restaurants and other various tips that give you a feel of the place without actually having to go through the usual lengthy reading. Thoughtfully included is a world weather calendar and a handy language guide for those brave enough to want to try.

One only wished that the choice of restaurants and hotels is not so conservative. The book is definitely a useful addition to an Indian traveller's list of 'must have's'.

■ GEETA KRIPALANI

Senior executive positions

A compilation of executive jobs advertised in **Business Indi** other major publications between 15 and 28 July 1991

THE FOUR BEST JOBS

- PRESIDENT (Textile) * New Delhi * *Sal* Highly attractive * *Age/Qlfn* NS * Degree in textile technology/management/ finance * *Reqd* 20 years experience of textile industry includ- ing 7 in running a profit centre * *Cont* Resources Management Associates, GF-12A 'Meghdoot' 94 Nehru Place, New Delhi 110019 (ToI-15.7)
- CHIEF EXECUTIVE (Plastics Moulding) * Lagos, Nigeria * *Sal* Savings potential of Rs.4 lakh * *Age/Qlfn* 35-40 years * Mechanical engineer * *Reqd* 12-15 years experience in plastic processing * *Cont* CEP/OVS/1194, D.K. Tandon, General Manager, ABC Consultants Pvt Ltd, 303, Embassy Centre, Nariman Point, Bombay 400021 (ToI-21.7)
- VICE-PRESIDENT (Designate) * Bombay * *Sal* Excellent house + car and driver + perks * *Age/Qlfn* 45 years * Eng neer, preferably with management qualifications * *Reqd* S nior level experience in marketing of capital equipmer projects * *Cont* MS/5704, A.F. Ferguson Associates, P. 1786, Bombay 400001 (ToI-15.7)
- EXECUTIVE VICE-PRESIDENT (Marketing) * Bombay *Sal* Excellent + housing * *Age/Qlfn* 40-45 years * Marketi professionals * *Reqd* 10 years experience in marketing * *Co* Box R-732-S, ToI, Bombay 400001 (ToI-22.7)

NATIONAL

- GENERAL MANAGER (Finance) * NS * *Sal* Attractive + perks * *Age/Qlfn* 40 years * CA with CS/LLB * *Reqd* 15 years experience * *Cont* The Managing Director, Blue Cross Laborato- ries Ltd, 305 Raheja Centre, Nariman Point, Bombay 400021 (ToI-15.7)
- PRESIDENT * NS * *Sal* No constraint * *Age/Qlfn* NS * NS * *Reqd* 10-15 years experience in food processing * *Cont* Enkay Texofood Industries Ltd, Shree Sitaram Sadan, 4th Floor, 282 Shamaldas Gandhi Marg, Princess Street, Bombay 400002 (ToI-22.7)
- GENERAL MANAGER (Manufacturing) * NS * *Sal* Rs.2.5 to 2.75 lakh gross * *Age/Qlfn* Mechanical engineering preferably with PG in management * *Reqd* Proven track record as manufac- turing head in an engineering organisation * *Cont* GMM/ MDS/25, M.Madhusudan, Director, ABC Consultants Pvt Ltd, 4 Khader Nawaz Khan Road, Madras 600006 (H-23.7)
- CHIEF MANAGER (Quality Assurance) * NS * *Sal* Attractive * *Age/Qlfn* Around 45 years * Mechanical engineer * *Reqd* 10-15 years in quality assurance in machinery manufacturing * *Cont* Manager (HRD), New Standard Engineering Co Ltd, NSE Es- tate, Goregaon (E), Bombay 400063 (ToI-27.7)

WEST

- FINANCIAL CONTROLLER * Goa * *Sal* Attractive + hous- ing * *Age/Qlfn* 35-40 years * CA, preferably also CS * *Reqd* 10-15 years including 5 as head of finance department * *Cont* General Manager (Personnel & Administration), Dempo Group of Com- panies, 'Moti Mahal', 3rd Floor, 7, Tata Road, Churchgate, Bombay 400021 (ToI-15.7)

NORTH

- GENERAL MANAGER (Marketing) * Delhi * *Sal* NS * *Age/ Qlfn* 33-38 years * MBA * *Reqd* 10-12 years marketing experi- ence in a competitive environment * *Cont* Resources Manage- ment Associates, GF 12A, Meghdoot, 94A Nehru Place, New Delhi 110019 (HT-17.7)
- VICE-PRESIDENT (Commercial) * New Delhi * *Sal* NS * *Age/ Qlfn* NS * Professional qualification * *Reqd* 15 years minimum experience with sound knowledge of finance * *Cont* Box 434561, Hindustan Times, New Delhi 110001 (HT-23.7)

SOUTH

- GENERAL MANAGER (Works) * Bangalore * *Sal* Best dustry * *Age/Qlfn* 40 years * Mechanical engineer preferably degree in business management * *Reqd* Several years man turing experience * *Cont* BPL Sanyo Utilities & Appliances 708 Devika Tower, 6 Nehru Place, New Delhi 110019 (ToI-
- GENERAL MANAGER (Operations) * South India * *Sa* tractive * *Age/Qlfn* Around 40 years * Engineers * *Reqd* 15 experience at senior level in large cement plants * *Cont* G MDS/2, M. Madhusudan, Director, ABC Consultants Pvt L Khader Nawaz Khan Road, Madras 600006 (ToI-15.7)

EAST

- ADDITIONAL DIRECTOR GENERAL * Calcutta * *Sa* cellent terms * *Age/Qlfn* 45-50 years * NS * *Reqd* 10-15 experience * *Cont* ADG/CAL/4114, ABC Consultants Pvt 303 Embassy Centre, Nariman Point, Bombay 400021 (ToI-
- GENERAL MANAGER (Exports) * Calcutta * *Sal* NS * *Qlfn* NS * Engineer/MBA * *Reqd* 7-10 years relevant exper in reputed export organisation * *Cont* GME/CAL/412 Sengupta, ABC Consultants Pvt Ltd, 6A Middleton Street, cutta 700071 (S-21.7)
- PRESIDENT * Calcutta * *Sal* NS * *Age/Qlfn* 40-45 ye Graduate engineer, preferably MBA * *Reqd* 10-15 yea techno-commercial experience in senior positions in wooc agro-based industries * *Cont* PPB/CAL/4122, T. Sengupta, eral Manager, ABC Consultants Pvt Ltd, 6A Middleton S Calcutta 700071 (S-21.7)
- GENERAL MANAGER (Exports) * Calcutta * *Sal* NS * *Qlfn* NS * Engineer/MBA * *Reqd* 7-10 years relevant exper in reputed export organisation * *Cont* GME/CAL/ T.Sengupta, ABC Consultants Pvt Ltd, 6A Middleton S Calcutta 700071 (S-21.7)
- VICE-PRESIDENT (Operations) * Rourkela * *Sal* Compa to multinationals * *Age/Qlfn* 45-50 years * Preferably engir *Reqd* Experience of running manufacturing operations at nior level * *Cont* VPOR/BPA/3083, T. Sengupta, General ager, ABC Consultants Pvt Ltd, 6A Middleton Street, Cal 700071 (ToI-15.7)

ecutive positions

ONAL

LES MANAGER * Bombay * *Sal* Best in industry * *Age/Qlfn* years * MBA, preferably graduate in textile technology * *Reqd* years exposure to garments including 2 in senior position * *nt* General Manager (HRD), The Bombay Dyeing & Manuturing Co. Ltd, Neville House, J.N. Heredia Marg, Ballard ate, Bombay 400038 (ToI-15.7)

CKAGING DEVELOPMENT MANAGER * Bombay/ rangabad * *Sal* Attractive * *Age/Qlfn* NS * Science/ gineering graduate, with PG in packaging engineering and ding technology * *Reqd* 7-10 years experience in consumer ducts * *Cont* The Personnel Department, Colgate-Palmolive Ltd, Apeejay House, 3 Dinshaw Vacha Road, Bombay 400020 I-15.7)

ANAGER-HRD * Gujarat * *Sal* NS * *Age/Qlfn* 35-40 years * sters in personnel management * *Reqd* 12-15 years experie, including 3-5 at senior level * *Cont* General Manager (Per- nel), ATIC Industries Ltd, Atul 396020, Dist Valsad, Gujarat I-15.7)

CTORY MANAGER * Bombay * *Sal* Attractive * *Age/Qlfn* ound 35 years * NS * *Reqd* 10-15 years factory management erience * *Cont* Quest Consultants, 8/1 Chapel Road, Calcutta 022 (ToI-15.7)

NAGER (Operations) * NS * *Sal* Comparable to industry t * *Age/Qlfn* 25-30 years * CA * *Reqd* 3 years relevant experie * *Cont* Senior General Manager, Times Guaranty Finans Ltd, ToI Building, 4th Floor, D.N. Road, Bombay 400001 I-17.7)

NAGER (Quality Assurance) * Pune * *Sal* NS * *Age/Qlfn* In * BE/B.Tech, preferably in electronics * *Reqd* 10-12 years erience at senior levels in QC/Quality Assurance departments lectronic/instrumentation industry * *Cont* Managing Direc- Tata Honeywell Ltd, 55A/8&9, Hadapsar Industrial Estate, e 411013 (H-18.7)

LES MANAGERS (Cement Marketing) * South India * *Sal* od terms * *Age/Qlfn* 30-35 years * Graduates preferably with in management * *Reqd* Minimum 5 years relevant experience elling cement/paints/consumer goods * *Cont* SMC/MDS/20, hankar Raman, Regional Manager, ABC Consultants Pvt , 4 Khader Nawaz Khan Road, Madras 600006 (H-18.7)

PORT MANAGER (Textiles) * NS * *Sal* Commensurate n experience * *Age/Qlfn* NS * NS * *Reqd* 5-10 years experie * *Cont* Anand Consultants, 914 Maker Chambers V, Nari- n Point, Bombay 400021 (ToI-22.7)

ODUCTION MANAGER * NS * *Sal* Comparable to indus- best * *Age/Qlfn* 40-45 years * Textile engineering graduates n PG * *Reqd* 15 years of experience in textile industry * *Cont* General Manager (HRD), The Bombay Dyeing and Manu- uring Co Ltd, Neville House, J.N. Heredia Marg, Ballard Es- , Bombay 400038 (ToI-22.7)

ANT MANAGER * Pune * *Sal* Rs.2 lakh per annum * *Age/* n Under 45 years * PG engineer preferably in metallurgy * d 5 years experience * *Cont* The Director, Ogilvy & Mather cruitment Division), Mittal Court 1B, 16th Floor, Nariman nt, Bombay 400021 (ToI-22.7)

ODUCT MANAGER (Accounting Software System) * Cal- a * *Sal* NS * *Age/Qlfn* 28-35 years * CAs * *Reqd* At least 3 s experience with exposure to computerised accounting sys- * *Cont* Deepak Rao, Director, 11 New Alipore, Calcutta 053 (S-24.7)

- MANAGER (Marketing) * Bhilai and Calcutta * *Sal* NS * *Age/Qlfn* 30-35 years * Mechanical/metallurgical engineers * *Reqd* 8-10 years relevant experience in steel industry * *Cont* MAB/CAL/4115, T.Sengupta, General Manager, ABC Consultants Pvt Ltd, 6A Middleton Street, Calcutta 700071 (S-21.7)
- MAINTENANCE MANAGER * NS * *Sal* Comparable to multinationals * *Age/Qlfn* 40-45 years * Mechanical engineer * *Reqd* Experience in refractory/ceramic/cement industry * *Cont* MMR/BPA/3085, T. Sengupta, General Manager, ABC Consultants Pvt Ltd, 6A Middleton Street, Calcutta 700071 (ToI-15.7)
- EXPORT MANAGER * Nagpur * *Sal* NS * *Age/Qlfn* 35-40 years * PG in management and foreign trade * *Reqd* 12 years relevant experience * *Cont* Vice-President (Marketing), Nippon Denro Ispat Ltd, Poonam Plaza Palace Road, Civil Lines, Nagpur 440001 (ToI-17.7)

OVERSEAS

- CORPORATE MANAGER * Dubai * *Sal* NS * *Age/Qlfn* In 30s * Management * *Reqd* 7-10 years experience in marketing oriented organisation * *Cont* Corp 011, General Manager, Gulf News, P.O. Box 6519, Dubai, UAE (ToI-21.7)
- MARKETING MANAGER (Pharmaceuticals) * Nigeria * *Sal* NS * *Age/Qlfn* NS * Science/pharmacy graduate * *Reqd* 7 years successful selling experience in a reputed pharmaceutical company * *Cont* The Director, Micro Labs Ltd, 303, III Floor, A wing, Queens Corner Apartment, No.3 Queens Road, Bangalore 560001 (ToI-25.7)
- SALES MANAGER * Saudi Arabia * *Sal* SR 4,000-4,500 + incentives * *Age/Qlfn* NS * NS * *Reqd* NS * *Cont* General Manager, P.O. Box 3975, Doha-Qatar or Jayesh Udeshi, International Trading Corporation, 4 Smita Dallubhai Park, Andheri (ToI-28.7)
- ACCOUNT MANAGER (Corporate Banking) * Dubai * *Sal* NS * *Age/Qlfn* Around 30 years * Preferably MBAs * *Reqd* 5 years in corporate banking * *Cont* MS/5709, A.F. Ferguson & Co, P.B. 1786, Bombay 400001 (ToI-28.7)

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Manpower Audit & Planning • Managerial Appraisal • Salary Survey

ABC's major specialisations include Corporate Consultancy

Materials Management · Project Reports · Techno Economic Feasibility Study · New Project Development

SWOT Analysis · Organisational Restructuring · MIS · Systems & Procedures

REPUTED ENGINEERING COMPANY

Metro City

Our client is a professionally managed company engaged in the manufacture of high precision engineering products with excellent overseas collaboration enjoying a major market share in domestic markets and acceptance in global markets as well. The company is all set to reach a turnover exceeding Rs. 50 Crores in 1-2 years time.

GENERAL MANAGER
MANUFACTURING

2.5-2.75 lacs gross

The incumbent will be totally accountable for the manufacturing operations and will report to the President. Candidates should be Mechanical Engineering graduates preferably with PG qualification in Management with a proven track record of experience as Manufacturing Head in an engineering organisation of repute. Age Group: 35-45. Code: GMM/MDS/25.

GENERAL MANAGER
QUALITY ASSURANCE

2.5-2.75 lacs gross

The incumbent will report to the President and provide a leadership role in total quality control activities. Candidates should be Mechanical Engineering/Metallurgical graduates having 15-20 years relevant experience at senior levels in an engineering organisation of repute. Exposure to Quality Circles, Quality Education, Quality Audit and ISO — 9000 standards highly desirable. Age Group: 35-45. Code: GMQ/MDS/26.

PRODUCTION MANAGER

Around 1.25 lacs gross

He will assist the GM — Manufacturing in day-to-day works management and achieving production & productivity targets. Candidates should be Mechanical Engineering graduates with around 10 years experience at responsible levels in manufacturing precision engineering products. Strong machining background and excellent manmanagement skills essential. Age: Around 35. Code: PMK/MDS/27.

QC MANAGER

Around 1.25 lacs gross

He will assist the GM — Quality Assurance in achieving high quality standards and introducing ISO — 9000. Candidates should be Mechanical Engineering/Metallurgical graduates with around 10 years relevant experience at responsible levels in precision engineering industry. Age: Around 35. Code: QCM/MDS/28.

The compensation packages mentioned above are indicative and will not be a constraint for exceptionally good candidates. Apply within ten days to **M Madhusudan, Director** with detailed bio-data marking envelope & application with appropriate job title & code.

ABC CONSULTANTS PRIVATE LIMITED
4, Khader Nawaz Khan Road, Madras 600 006 Tel 470778

Manpower Audit & Planning · Managerial Appraisal · Salary Survey

GENERAL MANAGER (MARKETING)

DELHI **AGE : 33-38 YEARS**

We have been retained by a **HIGHLY SUCCESSFUL AND EXPANDING GROUP** having **CORE BUSINESS IN TEXTILES.** Their present sales **TURNOVER** is approximately **Rs. 350 CRORES,** which is likely to Double in the next Three Years. The Group has evolved a professional style of Management with teamwork, training and delegation as the passwords for individual and Organisational Growth.

The Group has an exciting opportunity for an experienced Marketing Executive with established track record to join its **SEWING THREAD MARKETING DIVISION** at **DELHI.** The Division comprises a large team of field sales and support personnel organised in several Area Offices across the Country.

The incumbent is likely to be an **MBA** from a prestigious Institute with about **10-12 YEARS EXPERIENCE** with a large organisation, **MARKETING CONSUMER PRODUCTS** in a competitive environment. He shall co-ordinate the Marketing inputs to the field offices and will be responsible for their achievement of targets. He will be closely involved in Strategic Marketing and expected to play a vital role in strengthening Integrated Information Management and in implementing **HRD** processes for creating a climate for achievement of Corporate Goals.

THE REWARDS, BENEFITS, POTENTIAL JOB SATISFACTION AND CAREER PROSPECTS ARE EXCELLENT FOR THE RIGHT CANDIDATES.

Please apply within 10 days to:

RESOURCES MANAGEMENT ASSOCIATES

GF-12A, Meghdoot, 94A, Nehru Place, New Delhi-110 019

Phones : 6410255, 6441795, 6420773, 6429193, 6429165

A recently established synthetic detergent and intermediates unit which is part of a Rs. 40 crore group having ambitious expansion and diversification plans is on the look out for well qualified, experienced and motivated professionals to strengthen its top management team.

GENERAL MANAGER (PRODUCTION)

(MS/5801)

Kanpur/Bhopal

The incumbent will be a profit centre head, incharge of the factory and would be responsible for production, QC, maintenance, personnel and IR and all other plant related commercial functions. He should have experience in setting up and streamlining operations, designing factory management systems and the ability to work within tight time and budget schedules.

The ideal candidate will be a qualified chemical engineer with at least 8-10 years experience in detergent/sulphur based manufacturing plants with progressively increasing responsibilities. Preferred age 35-40 years.

MARKETING MANAGER

(MS/5802)

Kanpur

Reporting to one of the Directors the incumbent will be responsible for conceptualising the product launch, marketing strategy, independently organising and managing the distribution network; selection, training and motivating an aggressive sales force and effectively coordinating the manufacturing and sales functions.

The ideal candidate will have direct relevant experience of at least 5-8 years in a detergent/consumer industry. Exposure to markets in the north will be a distinct advantage. MBA's preferred. Desired age group 32-35 years.

Both positions carry attractive compensation and long term benefits package which are entirely negotiable. Prospects for growth are good and purely merit based.

Please apply within 10 days to:

A F Ferguson Associates
Hansalaya
Barakhamba Road
New Delhi 110 001

giving details of age, qualifications, experience, current and expected compensation and contact telephone numbers quoting relevant **MS** number on the envelop and application

CEAT Nylon Tyre Cord Division, Gwalior

CEAT, an **RPG ENTERPRISE,** and a leader in the tyre industry with an annual turnover of over Rs. 600 crores, has been growing rapidly and is investing substantially in new products, technologies and plants and is expected to reach a turnover of Rs. 1000/- crores in two to three years time. CEAT is setting up a NYLON TYRE CORD plant at a total investment of Rs. 240 crores, at GWALIOR in collaboration with TORAY INDUSTRIES Inc., JAPAN who are a world renowned man-made fibre manufacturer and the largest in Japan. The plant will manufacture Nylon Tyre Cord/Fabrics using the world's best technology consisting of improvised continuous polymerisation coupled with direct spin draw and direct cabling process. Gwalior is well developed and has good medical, educational and recreational facilities.

To meet this challenge CEAT needs an outstanding professional, for its Nylon Tyre Cord Plant, as

GENERAL MANAGER – MANUFACTURING

who will report to the Chief Executive of this division. He will be responsible for erection and commissioning of the plant achieving designed production – both quantity and quality, optimising the plant production by improving efficiency and energy consumption. After the plant is on stream he will be responsible for production, maintenance, quality control, customer technical service and industrial relations.

The ideal candidate, would be a strong leader with proven experience in a man-made fibre unit, preferably Nylon Tyre Cord Plant, capable of guiding a competent team of functional heads.

The candidate should have Chemical/Textile Technology background with about 20 years experience of which 5 years should be in a senior capacity. Experience in managing at least 3 of the 5 mentioned disciplines would be a distinct advantage.

Remuneration will be commensurate with qualifications and experience.

Interested candidates may apply within ten days in strict confidence, superscribing the envelope with the post applied for to:

Vice-President Group Personnel
CEAT LIMITED
463, Dr. Annie Besant Road,
Worli, Bombay 400 025.

RPG ENTERPRISES

GENERAL MANAGER — PRODUCTION — BULK DRUGS

BANGALORE **BEST TERMS**

A Senior Appointment reporting to the Managing Director

WE NEED A LEADER — THE BEST IN THE INDUSTRY

THE COMPANY:

We are a well established bulk drugs manufacturing unit with excellent manufacturing facilities. Our In-House standards are very high which enable us to manufacture products of high quality and high technology backed by the commitment of every individual in the organisation.

This unit belongs to a reputed progressive industrial group with well diversified activities. The group has an excellent financial base and is professionally managed. The opportunities for growth promotion within the group, is excellent. The group offers a congenial working environment.

THE OBJECTIVE:

To optimise the production with the existing plant infrastructure.

THE JOB:

You need to achieve the objective. You will be responsible to formulate comprehensive production plans and budget for a "Steady Growth" covering:

Overall responsibility on production.

Identify and Commission new product lines, with the existing plant infrastructure.

Independent decision, on major production policy matters.

In all these, you will be assisted and you can even ask for more.

THE ESSENTIALS:

An excellent practical track record in a Bulk Drug industry, in the manufacturing discipline.

A Ph.D. in Organic Chemistry (or) M.Tech in Chemical Technology with adequate experience, at a Senior level.

High motivator, with an exceptional coordination and communication ability.

Age 40-45 years.

Compensation offered will match the best in the industry, with perks including Car and furnished accommodation. You are welcome to define your terms.

Mail your curriculum vitae in strict confidence within 10 days with a Passport size photograph with atleast two references of persons from the Industry, to:

The Advertiser,
Box No. AA/350/CS/1,
Business India, Wadia Building
17/19 Dalal Street,
Fort, Bombay 400 001.

A professionally-managed Engineering Company based in a major city in South India, belonging to a large industrial house, is forging ahead in the Steel Construction business. They have openings for the following positions located at the Headquarters to be filled up immediately.

GENERAL MANAGER — CONTRACTS

He will be heading the Contracts department as a profit centre looking after structural, design, marketing and project execution. He would preferably be an M.Tech. having worked with leading contracting/consulting firms dealing with steel structures.

The position calls for high quality leadership, Man management and project management skills. The candidate should be mature and capable of operating under uncertain and high pressure situations.

The position envisaged has high potential, leading to a divisional head in the near future.

For positions in the contracting department:

a) ASST. MANAGER — DESIGNS

He will look after the structural designs of the Contracts department, leading a team of design engineers. He has to guide and direct development of new applications and system designs in steel. The person should be extremely creative and should have a sound structural engineering knowledge. He should be a Post Graduate in structural engineering with 6-7 years' experience in structural designs with leading contracting/consulting firms dealing with steel structures. He should be familiar with computer aided designs and drafting.

b) ASST. MANAGER CONTRACTS — MARKETING

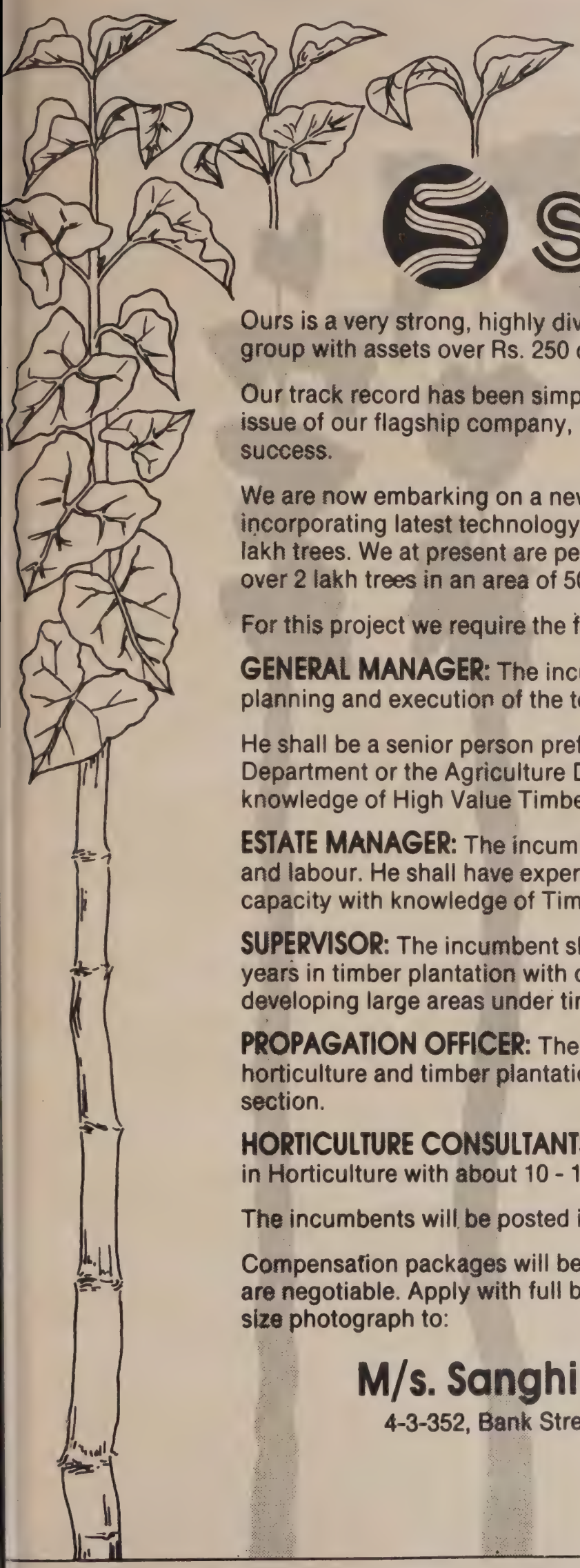
He will look after the marketing activities covering 3-4 regions in the country. The position envisages the identification of projects, quoting and overseeing the projects. He would preferably be a structural engineer with 6-8 years of experience in project marketing connected with steel structural projects.

All the above positions are considered key positions of the company and hence the company is looking for the best talent to meet the long-term requirements. High-growth profiles are envisaged for all the positions and the salary will not be a constraint for the right candidate.

Interested candidates may kindly send their resume within 10 days, to:

The Chairman,
Apex Management Consulting Group Private Limited,
C-1, Rams Square , 2 Village Road, MADRAS 600 034.

amcon



Sanghi

Ours is a very strong, highly diversified, professionally managed group with assets over Rs. 250 crores.

Our track record has been simply spectacular. The recent public issue of our flagship company, Sanghi Polyesters, met with great success.

We are now embarking on a new project - large scale teak plantation incorporating latest technology under controlled conditions for 10 lakh trees. We at present are personally involved in the plantation of over 2 lakh trees in an area of 500 acres.

For this project we require the following personnel:

GENERAL MANAGER: The incumbent will be fully responsible for planning and execution of the teak plantation.

He shall be a senior person preferably with experience in the Forest Department or the Agriculture Department. He shall have very good knowledge of High Value Timber Plantation/Horticulture.

ESTATE MANAGER: The incumbent will be overall in-charge of plants and labour. He shall have experience of atleast 10 years in similar capacity with knowledge of Timber Plantation/Horticulture.

SUPERVISOR: The incumbent shall have experience of atleast 10 years in timber plantation with comprehensive knowledge of developing large areas under timber/teak plantation.

PROPAGATION OFFICER: The incumbent shall have experience in horticulture and timber plantation. He will be incharge of the nursery section.

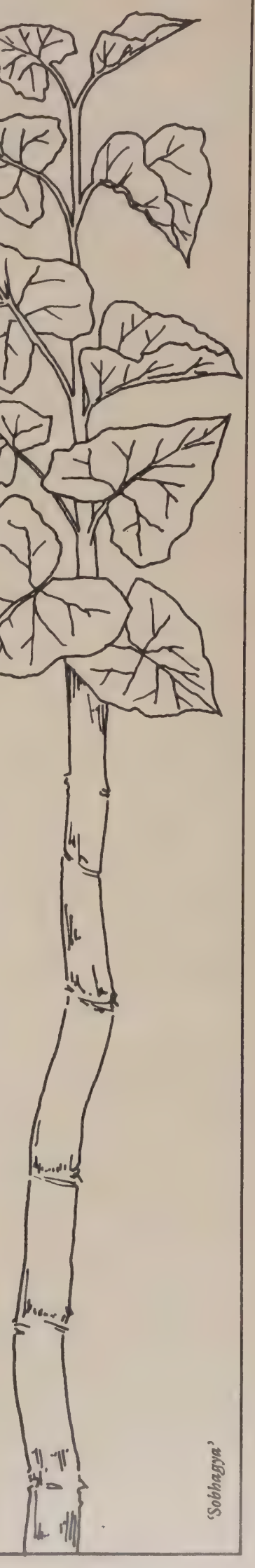
HORTICULTURE CONSULTANTS: Candidates must have Doctorates in Horticulture with about 10 - 15 years experience in horticulture.

The incumbents will be posted in Andhra Pradesh and Karnataka.

Compensation packages will be commensurate with experience and are negotiable. Apply with full bio-data enclosing a recent passport-size photograph to:

M/s. Sanghi Plantations Ltd.

4-3-352, Bank Street, Hyderabad - 500 195.



'Sobhagya'

MANAGERIAL OPENINGS

Bahwan Automotive Centre
MUSCAT

We are the largest Business Group in the Sultanate of Oman representing world renowned franchises like TOYOTA, FORD, M.A.N., KOMATSU, KUBOTA, YOKOHAMA, THERMO-KING etc. As part of our expansion programme, we are looking for the following top flight professionals:

BUSINESS MANAGERS

JOB: They will be independent profit centre heads managing a team of motivated professionals. They will evolve appropriate marketing strategies in a dynamic, competitive environment and be responsible for their implementation. They will interact closely with the overseas Principals for current and new product lines.

QUALIFICATION/EXPERIENCE:

Degree in Engineering from IITs/similar institutions with post graduate specialisation in Management from IIMs. 10-15 years experience in Sales/Marketing/Product Management functions in reputed organisations, of which atleast 3 years in an All India position. Exposure to international marketing will be an added asset. A successful track record, commercial acumen, leadership traits and strong interpersonal skills are a must. Age: 35-40 years.

ADVERTISING MANAGER

JOB: To independently head the Advertising Division and be fully responsible for all the sales promotion and media advertising activities. He will effectively coordinate among all the product departments and liaise with suppliers, advertising agencies and media representatives. He will be actively involved in visualising, creating and implementing effective mass communication strategies.

QUALIFICATION/EXPERIENCE:

Basic Degree with post graduate qualification in Advertising and about 10 years experience in reputed Ad Agencies. He should be well versed in creative & production techniques and possess the necessary managerial skills to lead a team. Age: Around 35 years.

ASSISTANT MANAGERS

JOB: To assist the Business Manager/Advertising Manager in all their responsibilities and functions mentioned above.

QUALIFICATION/EXPERIENCE:

Qualifications same as above with experience of 5-10 years in reputed organisations. Age: Around 30 years.

All the posts carry an extremely attractive remuneration package with substantial savings potential. Besides salary, fully furnished family accommodation, car, annual leave, air passage, free medical facilities and gratuity will be offered.

Applicants willing to join us from a long term perspective only may respond within 10 days with detailed resume, 3 photographs and photocopies of passport/certificates to:

The Senior Manager (Personnel)
Bahwan Automotive Centre
Post Box no. 168, Muscat
Sultanate of Oman.

Interviews will be held in Bombay, Pune, Delhi, Calcutta, Madras, Hyderabad and Bangalore. Please indicate your preference in the application.

SIEL

SHRIRAM INDUSTRIAL ENTERPRISES LIMITED

SIEL, is one of the four companies that emerged from the division of DCM Ltd. Thus it is a 100 year **OLD, NEW** Company, presently turning over Rs. 400 crores.

SIEL's business line are :

- FOODS: Hydrogenated Vegetable Oils (Rath & Panghat), Refined Oils (Ruby), Sugar (Mawana)
- CHEMICALS: Chlor-Caustic Products
- INTERNATIONAL BUSINESS: Exports of group & non-group products; trading in and from U.K., Middle East, Africa & Far East
- ENGINEERING: High technology cemented carbide tips & tool products for the engineering & mining industries
- PROJECT ENGINEERING: Project & engineering consultancy services (turnkey & consultancy basis) on a world wide scale

The companies directly associated with SIEL are :

Shriram Refrigeration Industries Ltd., which turns over Rs. 50 crores and is a manufacturer of hermetically sealed compressors for airconditioners and refrigerators in technical collaboration with world famous TECUMSEH PRODUCTS CO. of USA, USHA Airconditioners and Water Coolers.

Shriram Honda Power Equipment Ltd., turning over Rs. 35 crores, is a technological and financial collaboration with HONDA MOTOR COMPANY of Japan and manufactures portable generator sets, general purpose engines and water pumps to Honda's quality standards.

Expansion plans are already being processed for entry into export oriented units, financial services, paper, sugar business management, different ranges of compressors, generators etc.

We are undergoing a programme to convert the group towards Total Quality Management (TQM) approaches.

We are also endeavouring to be a GREEN group of companies.

FINANCE PROFESSIONALS

PROFILE: We are not going to constrain you by specifying slots or designations. We are on the lookout for Finance & Accounts professionals with 3-12 years experience. Essential qualification will be an MBA with specialisation in finance or C.A.

You need to have experience in various functional aspects of financial planning, accounting, taxation, computer applications, control systems, public issues and financial services. Of equal relevance are the attributes of innovation, leadership, motivation and achievement of Key Result Areas.

Amongst those, who will come as functional heads, the **responsibilities will also include development of and achieving business objectives in line with the corporate philosophy.**

You should ideally be in the age range of 27 to 35 years.

COMPENSATION: Whichever slot you fit in, the remuneration package will match the best the industry can offer. In addition, attractive benefits will accrue.

CAREER GROWTH: The growth prospects are excellent and after having proven themselves in a particular function, the candidate can look forward to a string of challenging assignments, which will ensure their growth and development.

Please send in your detailed curriculum vitae superscribing the envelope "Finance Professionals" within 10 days to:

GENERAL MANAGER – PERSONNEL
SHRIRAM INDUSTRIAL ENTERPRISES LIMITED
4th FLOOR, KANCHENJUNGA, 18, BARAKHAMBA ROAD, NEW DELHI-110 001.

In case you have any queries, please feel free to contact our Personnel Department at 3310171

SIEFLEX

SIEFLEX AUTOMATION & ROBOTICS CO. is a well established high technology driven company, manufacturing Industrial Robotic Systems in Madras. **SIEFLEX** is a Unit Company in the **"SUMEET"** Group. For the on-going expansion plans, the Company is looking for the following personnel:

MARKETING MANAGER [MMKT]

The Candidate should be in the age group of 35-40 years with a Bachelors Degree in Mechanical/Electronics Engineering and a Masters Degree in Business Management. He should be target oriented, a team player, possess a pleasing personality with good communication skills and be willing to travel extensively. Candidates with a minimum 10 years of experience in the Marketing of Industrial Machine Tools would be preferred.

MANAGER (MECHANICAL DESIGN) [MMDN]

The Candidate should be in the age group of 35-40 years with a Bachelors Degree in Mechanical Engineering and a Masters Degree with Specialisation in Machine Tool Design and have a minimum of 10 years Design Experience in a leading Machine Tool organisation. He should be a team player with good communication skills.

MANAGER (ELECTRONIC SYSTEMS) [MELS]

Candidates should be in the age group of 35-40 years with a Bachelors Degree in Electronics Engineering and a Masters Degree with Specialisation in Micro Processor Based System Design. The candidate should have a minimum of 10 years of Experience in the Design of Multilayer Printed Circuit Boards, Interfacing Motion Controllers with Mechanical Sub-Systems, and co-ordination of Hardware & Software Module Design and Implementation. He should be a team player with good communication skills.

Emoluments will be commensurate with qualification and experience and will not be a limiting factor.

Please apply in confidence with recent passport size photograph superscribing on the envelope the post applied for within 10 days to:

The Personnel Department
SIEFLEX Automation & Robotics Co.
#2, III Floor, Gemini Parsn Commercial Complex
121 Mount Road
Madras 600 006

Tel: (044) 473936/860042
Fax: (044) 860048

PHI

PIONEER®
BRAND • SEEDS

MARKETING MANAGER (EAST)

LUCKNOW **Excellent Salary and Perquisites**

PHI Biogene Limited is an affiliate of Pioneer Hi-Bred International, Inc., USA. Pioneer is an international leader in the genetic supply industry for agriculture. The group does business in more than 60 countries.

In India, PHI Biogene Limited does research, production and marketing of hybrid seeds of corn, grain sorghum, sorghum sudangrass, pearl millet, sunflower, mustard, vegetables and rice. We have regional offices and research stations spread across the country, a state-of-the-art seed conditioning plant in Hyderabad, and a corporate office in New Delhi.

We manage in a participative style that respects decentralization. The country has been divided into five marketing regions, and these are staffed by top-class professionals.

We are looking for a Marketing Manager to take responsibility of our Eastern Region consisting of Uttar Pradesh, Bihar, West Bengal and the North Eastern states. This position is for our Lucknow regional office and reports to the President. We are looking for a strategic thinker who is capable of seizing the opportunities provided by this huge market coupled with the company's rapid product innovation. The incumbent will be in the 30-40 year age group with an MBA from a leading institution. Experience in agribusiness is essential. Graduates in agriculture will be preferred.

Applicants are requested to send their resumes/photographs, with the post applied for marked on the envelope, within 10 days to:

The President
PHI Biogene Limited,
338, Somdatt Chambers - II,
9, Bhikaiji Cama Place, New Delhi 110 066.

® REGISTERED TRADEMARK OF PIONEER HI-BRED INTERNATIONAL, INC., DES MOINES, IOWA, USA.
PHI IS A TRADEMARK OF PHI BIOGENE LIMITED.

Anthem/PHI/1254

Regional Managers and Marketing Professionals

The Ramco Group is a dynamic and rapidly growing Industrial House. The Group, with well-diversified interests, has an annual turnover of above Rs.200 crores. The Electronics Division of the Group has earned a reputation for the development and marketing of high-end software. The Division recently concluded agreements with international giants for exporting some of its high-end software products.

To assist in the Division's expanding operations, the following personnel are required.

Regional Managers (New Delhi, Bombay)

Exceptional initiative, leadership qualities and an ability to establish a network of contacts in corporate circles and develop them for marketing high-end, high-value software systems/products are imperative.

Aspirants should have at least 7-10 years' experience as business executives. Candidates with good presentation skills and an aggressive drive will have an advantage. Preference will be given to candidates with Industrial/Organisational sales experience.

The incumbent will be required to set up the branch and commence the Division's operations in the region. He will also build up a team that will meet the Company's objectives of selling software products of international quality.

Marketing Managers (Madras)

Candidates should be young engineers capable of selling high-end, high-value software products to leading organisations. A minimum of 4-7 years' experience in the sales and marketing of software is essential.

The incumbent will assist marketing and support product sales.

Sr. Marketing Executives (New Delhi, Bombay)

Applicants should have put in a minimum of 3-5 years' experience in sales or marketing, with potential to become Territory Managers. Candidates with exposure to software marketing will be preferred.

Marketing Executives (Madras)

Aspirants should be highly self-motivated individuals. A minimum of 1-3 years' experience in marketing and sale of software/hardware products is imperative. Candidates with good communication skills and experience in solution selling, based on concepts will be preferred. Fresh MBAs can also apply.

Market Researchers/Documentation Specialists (Madras)

Applicants should have good knowledge of the computer industry and software products. The incumbent will be required to scan markets to identify prospects. Good presentation skills and an excellent command over English is essential. Applicants with experience in writing pre-sale literature or handling communication will be preferred.

The ability of the candidate will be of primary consideration rather than age, qualification or experience.

Aspirants should send their resume with photograph and contact phone number, in strict confidence, within 10 days to:

Vice President (Electronics)
Ramco Industries Limited
Electronics Division
TMB Mansion, 739, Anna Salai, Madras 600 002.

FOUNTAIN HEAD - 535 91

SWIL LIMITED
Creating New Values for You

Carve Your Future

SATYA GROUP of companies is a progressive Group of Companies with ambitious diversification and growth plans, and a widely diversified existing business portfolio ranging from non-ferrous metals, steel, pharmaceuticals, thermo-plastics, textile mill and jute mill accessories.

SWIL LIMITED, a member of the Satya Group, requires senior executives with proven leadership and strong administrative capabilities for its plant at Nasik :

MATERIALS MANAGER
(RT/7/91)

Candidates should be B.Com or BE (Mech) with Diploma in Materials Management having 15-20 years experience with at least 5 years as head of the department, preferably in an engineering industry with an annual turnover not less than Rs. 50 crores.

The job involves materials planning & procurement including non-ferrous metals, stainless steel,. stores & spares, packing material, etc. Knowledge of imports/exports regulations, negotiation skills, administrative abilities to run the department independently will be added qualifications.

WORKS ACCOUNTANT
(RT/8/91)

Candidates should be B.Sc. or B.Com. and AICWA with 10-15 years experience in a reputed engineering unit having annual turnover of minimum Rs 30 crores.

The job involves designing and introducing standard costing and other cost control systems, MIS, budgetary control, etc. with relevant monitoring systems.

Both positions carry attractive remuneration packages and growth opportunities.

Please apply within 10 days giving complete bio-data, superscribing the envelope with the relevant position code to :

A Member of
Satya Group

Satya Sons Services Ltd.
Sheetla House 1st Floor, 73-74, Nehru Place,
New Delhi - 110 019

PLEDGING OURSELVES TO NATIONAL GOALS

CORE

Senior Professionals

We are a well diversified multi-locational company having interests in electronics and steel. We require Professionals in the following areas for participating in our rapid diversification plans.

SENIOR MANAGER — CORPORATE AFFAIRS

(Bombay, Calcutta, Lucknow, Goa, Hyderabad and Delhi)

The incumbent will be involved in projecting and building the corporate image of the company.

The candidate will be a graduate preferably with a qualification in PR/Mass Communication with at least 5 years of experience at the Officer level in Public Relations, liaison with the Government and connected agencies. The incumbent will be conversant with Central and State Government procedures, regulations, rules and practices. Age limit: 40 years.

GROUP REGIONAL MANAGER

(Hyderabad, Lucknow)

The incumbent will be a seasoned professional and would have handled independently for at least 5 years the overall management of a Regional Office or Branch Office of a reputed organisation. He will be well versed with Marketing and Sales Management and also would have handled the administration and commercial management aspects of a Regional/ Branch Office.

As resident representative of the organisation at Hyderabad, he will be a Senior team member of the organisation and will have the integrated responsibilities for promoting the business and looking after the interests of the organisation in the region and also co-ordinating with Head Office for critical issues. Age limit: 45 years.

Remuneration will not be constraint for the right candidates. There are excellent growth opportunities for achievement oriented candidates.

Please apply within 15 days superscribing clearly the position, locational preference and advertisement code No. C/4 both on application and envelope to:

Dr. R. L. Chaudhury, Director & Group Vice President

USHA RECTIFIER CORPORATION (I) LTD

3 Cama Place, New Delhi-110 066.

BB: URC 791 16

A fast growing, leading Industrial Business House of North India having turnover of over Rs. 400 crores per year requires following personnel :

1. EXPORTS MANAGER (U.S.S.R.) : (Delhi)

The candidates should have minimum 10 years experience in export department and 5 years experience in exporting to U.S.S.R./other Rupee Trade Countries. He should be a knowledgeable and result-oriented person to organise and lookafter export business with U.S.S.R. He should have knowledge and experience in export documentation, advanced licencing, custom formalities, import-export policy. Candidates should have dealing experience with CCI&E/Govt. Departments. Preferred age 40 years.

2. IMPORTS MANAGER : (Delhi)

The candidates should be in the age group of 40 years and having minimum 10 years experience in imports deptt. He should be thoroughly conversant with Import-Export Policy, import documentation, customs clearance experience is a must.

3. MARKETING MANAGERS : (For Consumer Products) (Delhi/Bombay/Madras)

Candidates should have minimum 10 years marketing and sales experience at all India level in a company with extensive dealer network and operating in competitive environment. He would be responsible for developing and implementing marketing strategies and sales promotion of companies products. Preferred age 40 years.

4. ADVERTISING MANAGER : (Delhi)

Candidate will be responsible for advertising for Company's products all over India. He should have minimum 10 years experience and should have experience in dealing with Advertising Agencies. Age around 40 years.

5. FINANCE MANAGER : (Delhi)

The candidate should be Chartered Accountant having minimum 10 years experience. The job involves preparatory and follow up work for financial feasibility and project appraisal, raising of resources and dealing with financial Institutions/Banks. He will be also responsible for developing and monitoring project accounting and related management information system/control. Age around 40 years.

6. COMPANY SECRETARY : (Delhi)

Candidate should be a qualified Company Secretary and have had about 10 years experience. The incumbent will be responsible for compliance under Company Law and other relevant legislations, legal matters, direct and indirect taxes etc. Age around 40 years.

Handsome salary and perks will be provided commensurate with experience and equal to best in the Industry. Please apply giving detailed bio-data, experience details, present salary and perks details etc to :

Post Box No. 676,
New Delhi-110 001.

KJ 2683

GROWTH OPPORTUNITIES FOR DEDICATED PROFESSIONALS IN RESEARCH/COMPUTER OPERATIONS

DSP IS A PIONEERING MERCHANT BANK AND PROVIDES THE ENTIRE GAMUT OF FINANCIAL SERVICES. DSP ALSO OFFERS A RANGE OF INTERNATIONAL FINANCIAL SERVICES IN ASSOCIATION WITH MAJOR GLOBAL INSTITUTIONS INCLUDING MERRILL LYNCH, SWISS BANK CORPORATION, DRESDNER BANK AND BFCE.

DSP perceives Research as a thrust area, influencing decision making in its operations. As a corollary, DSP's Research Wing analyses and generates reports on the performance of industries and companies, and the effects of major economic events at macro and micro levels.

DSP has a UNIX based minicomputer system with multiple terminals and a host of PCs, PC XTs and PC ATs. Some of the remote offices within Bombay are connected to the minicomputer through modems and regional offices will also be connected to the system at Bombay.

We require the following personnel:

INVESTMENT ANALYSTS/ PORTFOLIO MANAGERS

The Job: Focus of the Research team is to provide fundamental analysis and original research on equities for in-house and client fund management teams.

The Requirements :

- A strong Graduate Degree in Commerce, Economics or Engineering (Professional qualifications or MBA will be an added asset).
- The ability (or willingness to acquire the ability) to strip balance sheets, rate management, forecast the future and comment on the past.
- Strong analytical and computer skills.
- Excellent communication skills.

Preferred age : 25 to 30 years.

SYSTEMS MANAGER/INTEGRATOR

The Job : Identifying needs of user departments, finding state-of-the-art hardware/software solutions, guiding in-house software developments, supporting and training in-house users and do UNIX and Sybase system administration. Involves working very closely with the research wing.

The Requirements :

- A strong Computer Engineering Degree with good knowledge of computer communications/networks. (A Management Degree will be an added advantage).
- Experience in UNIX and preferably on Sybase RDBMS a must. Must be conversant with DOS-based application packages.
- Relevant experience of 2 to 3 years.

Preferred age : 28 to 32 years.

SOFTWARE DEVELOPER

The Job : Developing software systems in Sybase 4 GL, 'C', Foxbase + UNIX environment.

The Requirements :

- A strong Degree in Computer Science/Engineering and/or a strong Commerce Degree with a Masters in Computer Applications.
- The ability to co-ordinate with various users and the Systems Integrator for in-house software development programs in database languages, application programming language and C program using DC/DB Library.
- Relevant experience of 1 to 2 years in software development in UNIX environment.

Preferred age : 25 to 27 years.

The Benefits :

In line with its philosophy that people are its precious resource, DSP provides a congenial work environment, attractive compensation and other benefits and opportunities for growth.

Please apply within 7 days with detailed resumé to:-

The Director

DSP FINANCIAL CONSULTANTS LTD.

1002, Raheja Chambers, 213, Backbay Reclamation, Bombay 400 021.

N.B. Please superscribe the envelope with the post applied for. Applications will be treated in strict confiedence.

Prabhat/DSP/91 73

Vadilal

EXECUTIVE ASSISTANT TO THE MD

Bombay

Excellent compensation + perks

Vadilal is best known for its ice cream in which it is the brand leader in all its territories. Recently the company has diversified, successfully, into other areas including exports. One reason for its success is that it has a very good team of experienced professional managers.

Right now we are looking for an **Executive Assistant to the Managing Director**. The job involves:

- Liaison with departmental heads for follow up action on management policies
- Assisting the MD in analysing new projects/diversification
- Analysing operating performance and highlight areas of action to improve efficiency and financial performance.

We are looking for an MBA in Finance or a CA, with around 4 years' experience in Corporate Finance, Corporate Planning, Internal Audit or Financial/Project Consultancy.

We are growing rapidly and interesting possibilities for development will come up for good managers (the previous EA to the MD is now Manager-Projects).

EXPORT MANAGER

Bombay

Excellent remuneration + perks

We have our own export processing unit, and in the very first year of operation we have achieved a turnover of approximately 2 crores, on exports of fruit pulp and canned vegetables, to Europe and the Middle East. We plan to expand the operation to cover merchant export of spices, rice, sea food, fresh fruits and vegetables to hard currency markets. We have targetted to achieve 10 crores in the next 2-3 years.

We are looking for an **Export Manager** who would be responsible for: business generation, co-ordination of procurement and shipment, overseeing proper documentation, and co-ordination with the concerned government bodies. Reporting will be to the General Manager – Exports.

We would like him to have a post graduate diploma from IIFT with 3-4 years' experience in a trading house or export division of a company handling similar products.

If you are interested, please write in 10 days to the Personnel Manager, **Vadilal Enterprises Ltd.** 'Shubhangan', 24 Gulmohar Road, JVPD, Bombay-400 049. Please mark the position applied for on the envelope.

ACHIEVE YOUR CAREER ASPIRATIONS !

In the Corporate cell of a blue chip Corporation, with a wide spectrum of world reputed Collaborations in premium products across the Group Companies.

TREASURY & PORTFOLIO MANAGEMENT

We are looking at Ten years of rich experience of Trading in Money markets Investments in short and long term instruments both in India and abroad and portfolio management.

This is a Department Head slot, which requires sound conceptual skills, ability to lead a team of professionals as an independent profit centre. The incumbent should have made a distinct mark in the market place.

STRATEGIC PLANNING

We are looking at ACAs/ MBAs/ MFC specialists with 3-5 yrs. of experience in strategic planning. The assignment involves studying the environment / technology, evolving specific business programmes based on structured analysis. We need analytical business managers, who are at home with large volumes of information gathering and structured analysis.

Remuneration is designed to be a strong motivator.

We invite professionals from Merchant Banking Departments of premium Nationalised and International Banks, Financial Institutions, Merchant Banking firms and the established corporate planning deparments in the Industry.

Please contact us at **011-692415/4625316** or apply within 7 days to:

Noble House
MANAGEMENT AND PLACEMENT CONSULTANTS
Post Box No 3531, New Delhi-110 024

VINAYAKA and you together, can prove that cloth maketh the man.

Vinayaka Synthetics Limited – a multi-crore blue-chip textile company in the making, with hi-tech plants located at Bombay, Palghar, Tarapur and Bhiwandi requires dynamic personnel to keep pace with its galloping growth in local and international markets.

Chartered Accountants:

Well versed in all aspects of accounting. With 7-10 years experience in finalisations of accounts in a multi-divisional, multi-product company. Should have an analytical mind and knowledge of computers.

Export Executives (MBAs):

For our export division – MBAs from top management institutes, with 1-2 years experience in marketing. Required individuals with a pleasing personality, good communication skills, and the dynamism to generate business in new markets. Should be familiar with computers.

Rewarding emoluments coupled with excellent growth prospects is what the company has to offer in return.

Apply within 10 days in confidence to:

The Executive Director,
Vinayaka Synthetics Ltd.,
306, Jogani Estate,
J R Boricha Marg, Lower Parel,
Bombay 400 011.



A bluechip in the making!

राष्ट्रीय डेरी विकास बोर्ड
National Dairy Development Board

ANAND-388 001

The National Dairy Development Board has openings for talented people in Financial Management and Management Accounting.

The National Dairy Development Board is a growth and challenge oriented multi-sectoral and multi-locational institution involved in planning, implementing and financing farmer-owned and farmer-managed development projects including Operation Flood which is the largest dairy project of its kind in the world. In addition to dairying, it is also currently involved in oilseeds, fruit & vegetables, tree growing, salt and other related sectors. Over 200 projects are being implemented by it throughout the country. The investment in the projects and schemes in hand is likely to exceed Rs. 3,000 crores.

The openings are visualised to serve the following needs:

- to enhance effectiveness of managerial controls in existing operations;
- to set up positive, but flexible systems of project appraisal, financing and monitoring;
- to standardise the accounting systems in all assisted units to facilitate computerisation;
- to prepare annual financial plans and cash-flows consistent with approved long term objectives, which could be translated into overall corporate targets and Federation/Union plans and budgets;
- to manage financial flows to and from assisted units/projects on the basis of approved plans and budgets, through a decentralised structure;
- to formulate appropriate strategies for mobilising financial resources, and for parking unutilised funds in investments that would yield the best returns;
- to participate in discussions with international sources of financial/project assistance, and to help the Chief Executive in deciding the terms of assistance and in scheduling the inflows;
- to initiate and participate in inter-disciplinary Task Forces to rehabilitate Unions/Societies whose current performance is below the levels of viability.

People endowed with analytical minds and the ability to envision future scenario, with individual initiative for strategic thinking, and with inter-personal and communication skills needed for cultivating peer relationships, would find stimulating work experience, job satisfaction, and professional growth.

The minimum qualification would be full professional membership of the Institute of Chartered Accountants or Cost Accountants. Additional qualifications in Management Accounting, Financial Analysis, Business Management, Rural Development/Management, Corporate Planning, etc., and experience in portfolio management, entrepreneurial development, project planning/management, perspective planning, sick-industry turnaround, performance budgeting, higher management controls, etc., would be given due recognition in selection and placement.

It is important that the candidates are able to communicate well in English. They must essentially have:

- a strong orientation to rural economic development;
- flexibility in applying professional knowledge, skills and norms in an economic sector that is subject to varying socio-political pulls and pressures;
- aptitude to function in, and through a decentralised management structure;
- adequate computer literacy, and the vision to use an extensive computer network to its maximum effectiveness in all management systems.

The posts are available in three grades:

Grade	Pay Scale (Rs.)	Min. gross at Anand	Normal Age Limit
Manager	4500-150-6000	Rs. 6825	Below 45
Deputy Manager	3700-125/150-5600	Rs. 5925	Preferably below 40
Senior Executive	3300-100/125-5000	Rs. 5323	Below 40

The postings could initially be at ANAND (Gujarat State).

Besides salary, there would be other benefits like PF, SAS, Gratuity, LTC for self and family, group insurance, medical insurance, conveyance and house-building advance, etc. A well-equipped English medium school is also located adjacent to the NDDB Campus.

Other things being equal, preference will be given to applicants who belong to **SC/ST.** Applicants employed with the Central/State Government Departments, Cooperative organisations or Public Sector undertakings should forward their applications through proper channel.

Those called for interview would be reimbursed to and fro First Class/AC-Second Class train fare by the shortest route between their present place of posting and Anand.

Please send your application in confidence, with the CODE NUMBER NDDB:91:05 prominently marked on the envelope, so as to reach the **Sr. Executive (P&A), National Dairy Development Board, Post Box No. 40, Anand 388 001, within 15 days from the date of this advertisement.**

Please enclose descriptive highlights (not more than 500 words) of your special qualifications and experience, achievements which you consider important in the context of NDDB's requirements, indicating also the grade which you think is appropriate for you.

SECTOR PROFESSIONALS

CMC Limited, India's leading information technology company, provides high quality, cost-effective services and solutions connected with all aspects of computers and communications in a number of key economic areas such as coal, oil, steel, rail, sea and road transportation and service industries like banking, health and education. A major proportion of our customers include government companies, utilities and large private sector organisations.

We are looking for professionals, at various levels, for the following sectors:

- **Coal and Mining**
- **Railways**
- **Shipping and Ports**
- **Steel**
- **Oil and Petrochemicals**
- **Power**
- **Banking and Finance**

These sector professionals are expected to assist the information technology group in providing application inputs for their respective sectors. They will also help evolve marketing plans and strategies in the specialized sectors, provide support for implementation of projects and conceive applications for the future based on current conditions and trends.

We are looking for result-oriented professionals, possessing appropriate technical qualifications in the relevant sectors, or information technology professionals, with at least 5 years' experience in one of the above sectors.

Candidates will be based in any one of CMC's offices or project sites depending on the assignment. An attractive compensation package commensurate with qualifications and experience will be offered.

Criteria will be relaxed for SC/ST candidates in keeping with Government guidelines.

Please apply within 15 days to:

The Personnel Officer

CMC Limited

14F, Maker Towers, Cuffe Parade
Bombay 400 005.

Envelopes should be superscribed "SP".

(A Government of India Enterprise)

CMC...information technology to improve the quality of life for all.

MARAL OVERSEAS LTD. is a new venture under the Flagship of the **BHILWARA GROUP.** The company is putting up a **100% EXPORT ORIENTED** combed cotton yarn spinning unit **NEAR INDORE.** The plant is equipped with imported machines of Rieter and Schlahforst from Switzerland and Germany. The company will make top class quality yarns for Europe and other markets. We require dynamic and result-oriented executive :—

GENERAL MANAGER
(EXPORTS)

AGE : 35-40 YEARS
BASED : DELHI

The successful candidate preferably should be a Textile graduate with Post-graduate management qualification with around 10 years of proven export marketing experience in selling of cotton yarn to EEC and other markets. He should have extensively travelled all over the world and must have a strong commercial acumen in international yarn market.

THE REWARDS, BENEFITS, JOB SATISFACTION AND CAREER PROSPECTS ARE EXCELLENT FOR THE RIGHT CANDIDATE.

Please apply, with your comprehensive bio-data within 10 days to :

RESOURCES MANAGEMENT ASSOCIATES
GF-12A, "Meghdoot" 94-Nehru Place
New Delhi-110 019 Tel. : 6410255, 6441795, 6420773, 6429193,6429165

HINDUSTAN SANITARYWARE
GLASS DIVISION

Hindustan Sanitaryware & Industries for its Glass Division located at Hyderabad with a turnover of about Rs. 35 crores and employing 700 persons requires :

DY GENERAL MANAGER
(PERSONNEL & HRD)

The candidate should have Post-Graduate qualification in Personnel Management or Social Work. He should have around 15 years of post qualification experience, with atleast 5 years in a senior position. He will head the Department. Exceptional candidates can be considered for a higher post. Knowledge of Telugu is essential. Age should be around 45 years.

Furnished accommodation will be provided in the company's colony where he is required to stay. Interested candidates may please apply with details including salary expected and a passport size photograph within 10 days to:

N R Associates
Management & Financial Consultants
Srinivasa Towers, Begumpet
Hyderabad - 500 016.

ACRYLON

HE WONDER ACRYLIC FIBRE

Pasupati Acrylon Limited has set up a Rs. 125 crore plant to produce 15,000 TPA of Acrylic Fibre at Thakurdwara, Distt. Moradabad (UP) in technical collaboration with SNIA BPD (Fiat Group) of Italy.

The Company has commenced export of Acrylic fibre and its end-products like Blankets, Garments, Knitwear etc., to Middle East and South East Asian countries and has plans for substantial increase not only to these countries but also to other countries.

To look after the export activities, we need a

DY. GENERAL MANAGER (EXPORTS)

New Delhi

Will be required to export market the existing product range and further diversify and enlarge markets/volumes. Will also comply with export procedures & related matters.

The person we are looking for should be dynamic result-oriented with 15-20 years of experience in export marketing of durables/ consumables preferably with MBA/IIFT Diploma.

The compensation package will not be a constraint for the right candidate.

Please apply within 10 days with detailed bio-data to:

General Manager (Human Resources),

Pasupati Acrylon Ltd.

M-14, Connaught Circus, (Middle Circle), New Delhi-110 001.

COMPOSIT

PMP

PMP a reputed manufacturer of auto electrical products, a part of Piramal Group, requires the following outstanding personnel:

REGIONAL MANAGER – BOMBAY

The job requires outstanding leadership quality to lead a team of dynamic Branch Managers/Sales Engineers to achieve the sales targets and implement various marketing strategies/promotional plans. The person is expected to develop an effective stockist/dealer network and supervise various administrative functions.

The candidate shall preferably be a Mechanical/Electrical Engineer with 6/7 years experience of selling auto components/engineering products.

ASST. MANAGER (OE SALES) – BOMBAY & DELHI

The incumbent will be required to deal with OEMs to develop new business or increase the share of existing business. The job calls for frequent visits and ability to handle techno-commercial discussions independently.

The candidate should have a degree in Mechanical/Electrical Engineering with about 5 years experience in handling similar assignments.

The above positions carry attractive and appropriate remuneration and perquisites, commensurate with experience.

Interested candidates should apply within 10 days giving complete bio-data to:

General Manager – Marketing
PMP Auto Industries Limited
Off Aarey Road, Goregaon (E),
Bombay 400 063.

Clamar

FEDDERS LLOYD

We are a fast growing professional multi-product organisation and one of the leaders in the Airconditioning industry. In order to provide effective support to our marketing team we require the following professionals for our branches at Ahmedabad, Bangalore, Bhopal, Bombay, Calcutta, Chandigarh, Delhi and Madras.

SERVICE MANAGER/ ASST. SERVICE MANAGER

He will be responsible for running the SERVICE DIVISION as an independent profit centre. He should be a graduate engineer with 7–10 years experience in running a large service network in the CONSUMER DURABLES INDUSTRY (home appliances, television, auto-mobile, refrigeration, airconditioning, etc.). Diploma holders with relevant experience may also apply.

SERVICE ENGINEERS

Fresh graduate engineers and diploma holders with 1-3 years experience may apply.

Salary and perks for all posts will be better than the best in the industry.

Please superscribe on the envelope the position applied for and the preferred location and apply within 10 days in confidence to:

GENERAL MANAGER(HRD)
FEDDERS LLOYD CORPORATION LTD.
2, INDUSTRIAL AREA, KALKAJI,
NEW DELHI-110 019

BBAA/FLC-791-562

polymechplast MACHINES LTD.

Polymechplast Machines Limited (PML) is th flagship of the Plastico Group of Companies tha is 13 years old. The Group is acknowledged t be India's leading manufacturer of Plast Injection Moulding/Blow Moulding Machines and particularly well-known for successf manufacture of two colour machines.

PML has dynamic, far-sighted plans t manufacture and market hi-tech Injectio Moulding Machines. Through a multi-cror foreign collaborated expansion project, PML plan to spearhead India's second plastics revolution PML aims to achieve this through high-tec products and getting all key functions - full involved from the start.

ZONAL MARKETING MANAGERS
(Bombay, Baroda, Delhi, Bangalore, Calcutta)

We are looking for dedicated professionals wit atleast 4-5 years sales and marketing experienc at a senior level. Ability to set and achieve target through individual and team efforts is a must.

MANAGER / ASST. MANAGER - SALES
Baroda(3), Bombay(3), Delhi(2), Bangalore(2), Madras (1), Calcutta (2)

Grass-root sales experience of 4-5 years in highl competitive service oriented capital goods/projec sales environment.

Experience in machine tools, engineering, capita goods industry with in-depth knowledge o relevant job functions is essential. Forma engineering and management education woul be a distinct advantage.

Dynamic, result-oriented environment and remuneration and growth package that's the bes in the industry is what we have to offer.

Rush your detailed bio-data with recent pass-por size photograph to :

The Managing Director
POLYMECHPLAST MACHINES LIMITED
Gold Coin House, 772-76, G.I.D.C.,
Makarpura, Baroda-390 010.

GROUP

FINANCIAL CONTROLLER

ISTANBUL **USD 2500 p.m. + Perks**

Our client is a rapidly expanding Group based in Europe with diversified interests in Africa and Turkey. The Group's business interests span a wide range of industries including Food, Detergents, flexible packaging, animal feed, garments, etc. Very substantial investments are planned in new ventures which will significantly augment the Group's turnover in the near future.

The appointee will be responsible for the entire accounting, treasury, taxation, MIS and related functions of all the units. Accent will be on financial planning and control. Suitable candidate will be a qualified C.A. with at least 15 years relevant experience in large, professionally managed companies known for their financial systems and controls. Exposure to multinationals will be a definite asset. Age Group 35-45.

Besides USD 2500 p.m. perks include furnished family accommodation, car, medical and leave passages.

Please apply immediately quoting Ref. No. HGA/F-4301

DATAMATICS STAFFING SERVICES
Post Box No. 106 G.P.O. Bombay-400 001.

TITANOR COMPONENTS LIMITED

Registered Office : 204, Tolstoy House, 15 Tolstoy Marg, New Delhi 110 001

WANTED

CHEMICAL ENGINEER (Chlor-Alkali Industry)

LOCATION – GOA

The Company

We manufacture High Value Products in collaboration with the world leaders in this field. Our products are exclusive. The principal market for our present activity is the Caustic-soda and Chlorine Industry.

We are professionally managed and offer an excellent work environment, with rapid scope for personal advancement.

The Opportunity

We are looking for young, capable candidates, who can be suitably indoctrinated for marketing/technical servicing of our products in India. The position will be in the management cadre of the Company.

The Location

Selected candidates will be located at Company's headquarters in Goa. Apart from being a tourist paradise, Goa offers an excellent social environment, good schools, colleges and hospitals.

Qualifications

Graduate Chemical Engineers with minimum 2 years' work experience in a Caustic Soda plant in India.

Preference will be given to aggressive communicators who are practical and willing to work with their hands.
Age limit – 30 years.

Compensation

We are offering a compensation package which will be substantially better than the present packages of selected candidates.

Apply within 7 days superscribing "CHEMICAL ENGINEERS" on the top left hand of the envelope to:-

Executive Vice President
TITANOR COMPONENTS LTD.
2nd Floor, Mathias Plaza,
18th June Road, Panjim 403 001, Goa.

CONTOUR-TCL-78A/91

GUJARAT REFRACTORIES LTD.

We are an existing company in the field of refractories, so crucial for cement, steel and other core sector industries. The plant is at Sanand, Ahmedabad. We are looking for people who have what it takes to take us to new heights... and their own future likewise. The posts:

Chief Executive

Reporting to Corporate Management. You should be an engineering graduate with 5 years experience at the head of a medium-sized organisation. Experience in refractory industry would be an advantage.

You will be responsible for overall profitability and growth and your functions will include plant management, marketing, finance and new projects/expansion.

General Manager (Works)

You should be an engineering graduate with about 5 years experience as in-charge of production in a medium-sized unit, preferably in the refractory industry.

Responsibilities will include production, plant maintenance, quality control, labour management, expansion, material management, new products development and related matters. You will report to the Chief Executive.

Preferred age for both position – 35 to 45 years. Good compensation and attractive prospects offered. All applications will be treated in strict confidence.

Please apply to:

Shri A.S. Doshi

GUJARAT REFRACTORIES LTD.,

908-909, Shilp, Navrangpura, Ahmedabad 380 009.

Imagea

Tata Elxsi is in search of a social architect.

Tata Elxsi is the new Tata venture that is bringing to Indian computing some of the world's most advanced RISC technology. And one of the industry's most progressive approaches to Human Resources Development.

We are now looking for an exceptional professional to join our HR team.

MANAGER – HRD

You will help every employee realise his or her full potential, and in the process help to develop their attitudes and skills to meet organisational expectations. In short, you will be a social architect who will help build a team with enduring strengths.

Reporting to the Chief of Human Resources team, you will be responsible for conceiving, designing and implementing proactive HRD initiatives including appropriate OD interventions as an ongoing process.

You would be a post graduate in Personnel Management from a reputed institution with five years relevant experience in Human Resource Training and Development. You will, naturally, have excellent interpersonal skills.

If you think you are the kind of person we are looking for, call or write within 10 days to:

TATA ELXSI

Mr. K. Kuppuswamy,
Manager - Services,
Tata Elxsi (India) Ltd.,
Subharam Complex,
144, Mahatma Gandhi Rd,
Bangalore 560 001.
Phone : 544163

POWER BEYOND COMPUTING.

ENGLISH INDIAN CLAYS LIMITED

(in Association with E C C Group Plc, UK)

We are the Subsidiary of Ballarpur Industries Limited — the flagship Company of Thapar Group, presently engaged in mining and refining of china clay in our Factory & Works at Thiruvananthapuram. We are modernising, expanding, diversifying & setting up new Projects. We need dynamic & result oriented Technical Professional in the area of R & D

Dy. Manager (R & D)

Candidate should be Doctorate in Inorganic Chemistry. Persons with substantial research experience in Industrial Units/Laboratories preferred.

Preferred Age: 35-40 years.

The above position carries attractive salary & benefits and there will be no dearth of growth opportunities.

Please mail your resume within 10 days superscribing the post applied for on the envelope and addressed to:

Deputy General Manager,
English Indian Clays Limited,
Veli,
Thiruvananthapuram 695 021,
Kerala.

The Thapar Group

ABC's major specialisations include Corporate Consultancy

DIVISIONAL MANAGER EXPORTS

Madras **Excellent Terms**

Earthmoving Equipment Division of Hindustan Motors Limited in collaboration with **Caterpillar Inc.** is expanding its market position by promoting sale of Earthmoving Machines and components in neighbouring countries as well as to Caterpillar plants Worldwide.

They are looking for a dynamic, business oriented person who can provide necessary leadership to the total activity of export marketing. Rapid market penetration and achieving quantum leaps in overseas business will be his prime portfolio. Position reports to the Senior Vice President heading the business of Earth Moving Equipment.

Ideally the incumbent will be a professional who has outstanding achievements to his credit in export of engineering products. Qualification from a reputed Business School preferably with a background of Engineering or Science is desirable. Preferred Age Group: 35-45.

Remuneration would be structured to provide the desired incentives.

Kindly contact over phone or write to **M Madhusudan, Director** with detailed resume highlighting achievements and marking envelope & application with job title & code: DME/MDS/24.

ABC CONSULTANTS PRIVATE LIMITED

4, Khader Nawaz Khan Road, Madras-600 006 Tel. 470778

SWOT Analysis • Organisational Restructuring • MIS

Manpower Audit & Planning • Managerial Appraisal • Salary Survey

Khaitan Fans (India) Limited

Requires

EXPORT MANAGER — CALCUTTA/DELHI

We are a fast growing Khaitan Group Company manufacturing 'Khaitan' brand of ceiling and industrial exhaust fans, mancoolers, air circulators, and axial flow fans, having factories at Calcutta and Noida.

The candidate we are looking for shall be heading the Export Division, reporting to the Managing Director. The selected candidate shall be responsible for developing a wide market base, negotiation with prospective customers and providing them technical and marketing support. The candidate would be expected to liaise with various Government bodies, and to coordinate the Licensing, Documentation and Procedural aspects.

Applicants should be graduate, with Post Graduate qualification in Foreign Trade. An experience of around 10 years in handling exports, preferably to Middle East and Far Eastern countries will be required. Exposure to exports of Engineering products, though not a pre-requisite, would be advantageous.

Preferred age : Around 35 years.

Salary shall be commensurate with qualification and experience and will not be a constraint for deserving candidate. Apart from salary, liberal perks like HRA, conveyance allowance, medical subsidy, leave travel assistance, PF, gratuity will be allowed as per Company rules.

Please apply in confidence with a detailed Bio-data, stating salary drawn and expected, along with a passport size photograph (non-returnable) within 10 days to :

Managing Director
Khaitan Fans (India) Limited
'Everest' 46-C J. L. Nehru Road
Calcutta-700 071

A leading Industrial Group in India having turnover of over Rs. 400 crores per year requires following personnel :

1. IMPORTS & EXPORTS OFFICERS :

Candidates should have minimum 5 years experience in Imports/Exports Deptt. He should be thoroughly conversant with Import-Export Policy, experience of documentation/customs clearance is a must.

2. LICENSING & LIAISON OFFICER :

Candidates should have minimum 5 years in dealing with DGTD, Ministry of Industry, other Licensing Authorities. Age around 35 years.

3. MARKETING OFFICERS (Delhi/Bombay/Madras/Calcutta)

Candidates should have minimum 5 years experience in marketing/sales of consumer products. Preferred age 35 years.

The company offers handsome compensation package for the right candidate. Please apply in confidence with full bio-data, experience details, salary drawn and expected to :

Post Box No. 676,
New Delhi-110 001.

We are ourselves difficult to satisfy. We set for ourselves tough standards and are looking for people who share similar attitude. An attitude that has gained us worldwide acceptance in our field of positive displacement pumps. And naturally given us the largest market share in India as well!

WE ARE LOOKING FOR THREE SENIOR MANAGERS WHO ARE DIFFICULT TO SATISFY

Our rapid growth has created senior openings at our Kanpur unit. We are scouting out for Senior Managers to share our vision and growth to take the lead and head the areas of Materials Management, Engineering and Quality Assurance.

If you are an engineer (preferably mechanical) and have about 10 years experience in the relevant field, you could fit in.

We are professionally managed and offer a stimulating and participative work atmosphere that we are particularly proud of. These senior positions report to the Managing Director and are key career opportunities. The attractive salary package (one of the best in the industry) includes company housing, and is structured to attract and retain the best talent.

Mail-in your Visiting Card (and contact address/phone no.). Mark the envelope 'S.M.'. And we'll get in touch with you.

This could well be the begining of a satisfying career for you.

TO HEAD
MATERIALS MANAGEMENT, ENGINEERING
AND QUALITY ASSURANCE
AT KANPUR

Roto

ROTO PUMPS & HYDRAULICS PVT. LTD.
308, Osian Building,
12, Nehru Place,
New Delhi-110019.

Direct Line—R2

"Your vision can shape our future"

KANAZIA DIGITAL SYSTEMS is a pioneer in the Indian Telecommunications Industry, having professional relationships with leading international telecommunication Companies.

For the position of **SENIOR BUSINESS DEVELOPMENT MANAGER** we require an experienced techno-commercial professional with sound understanding of Computer/Communication technology & developments and experience in the marketing of such systems.

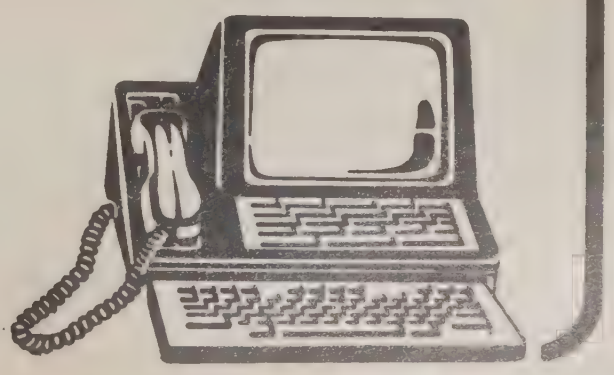
The ideal candidate would be a qualified electronics engineer preferably with MBA and with 10 to 12 years similar or related experience in India or abroad. He should also have good contacts with senior persons in Industry and in Government.

The selected Senior Manager will be based in Bombay and would have to travel extensively within India and overseas.

We offer a competitive salary package and an excellent environment conducive to professional growth. The position could be upgraded for a better qualified candidate.

Write in confidence to:

The Director
Kanazia Digital Systems Pvt. Ltd.
93-B, Mittal Tower, Nariman Point,
Bombay 400 021.
Tel : 231006/2872333

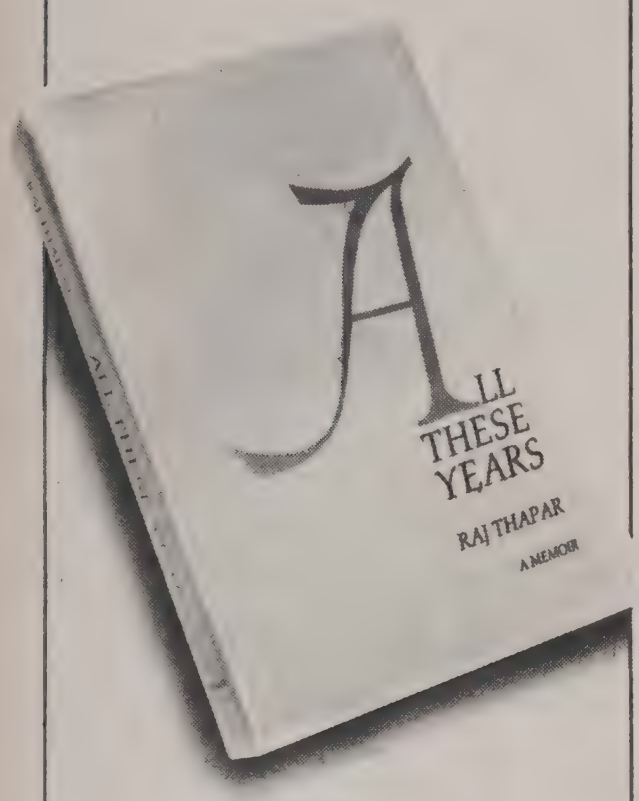


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Executive Ladder



Charanjiv Taneja, earlier director (finance) McDowell & Co Ltd, is moving to Standard Chartered Bank as finance director. After almost two decades in manufacturing, Taneja looks forward to handling bank finance an area which he feels "is in for an exciting future".



C.D. Sipahimalan been appointed tor, Cyanamid Ltd. Since 1982, been director o crop protection c cals (CPC) div of this comp Sipahimalani is vice-chairman of the Association of Manufacturers of Pesticides.



Taking over as vice-president of Godavari Fertilisers and Chemicals Ltd, is **V. Subramanian**, previously general manager, finance, Fertilizers and Chemicals Travancore Ltd, a government undertaking.



The new managi rector at the Steel plant is **Su Ray**, formerly dir operations, Rash Ispat Nigam Ltd, akhapatnam Plant. He takes from S.K. Roy, tor, operations, Steel Authority of Ltd.



Taking over as chief manager, India, for Barclays Bank plc is **Stephen Barnes**. He will be responsible for the Bombay branch and also for the representative office soon to open in Delhi. Barnes was earlier based in London, as director, European corporate sector marketing.



Virendra Singh i new president, Pont Far East Singh has spent years abroad, of w 26 have been DuPont. He count a strong Asia Pa presence as the ke the company's growth.



D.K. Sinha, deputy general manager and private secretary to the managing director, State Bank of India, has been appointed deputy general manager (commercial banking) SBI, New York branch. Sinha's task is a challenging one as resource mobilisation is a problem at this time.



Shanti Ekambar former senior acc manager, Bank Nova Scotia, is no the other side of fence as senior m ager, corporate fin at Kotak Mahindr nance Ltd. She lo forward to the different perspective working in the financial services se will bring.



G.M. Rajashekar has been promoted to executive director, HMT (International) Ltd, Bangalore. He was formerly general manager, HMT (International).



P.L. Jalan, until senior president Modern Suitings has taken over as e utive director of company.

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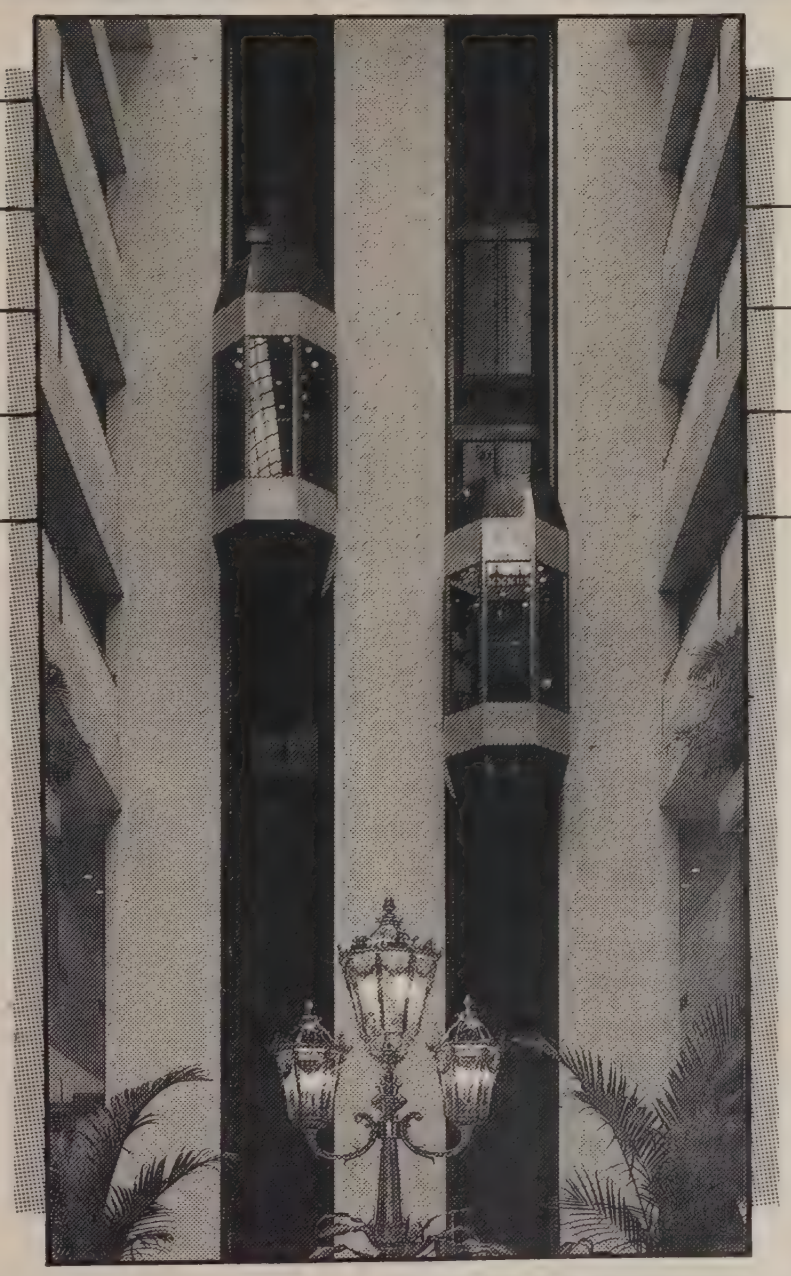
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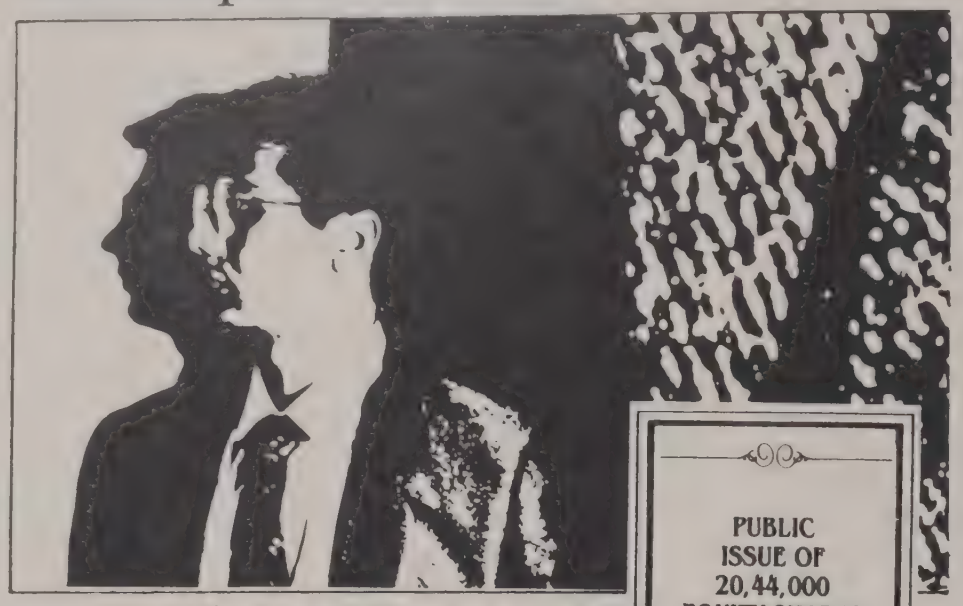
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ISSUE HIGHLIGHTS

- An existing profit making Company
- Engaged in weaving and marketing of fancy design suitings
- Promoted by Mahendra Arya of the Arya family
- Expansion programme — Installation of 24 looms at the existing factory premises
- Book Value per share Rs. 26.14 and EPS Rs. 7.83 for 1990-91 as on 31-3-91
- 80L, 80M, 88A and Wealth Tax Benefits (subject to continuation of section 88 (A) of the Income Tax Act)
- Listing at Ahmedabad and Bombay

RISK FACTORS

- Competition from unorganised sector
- Government's taxation policy relating to synthetic fibre and yarn is likely to affect the cost of production
- Exchange rate fluctuation and its likely impact on the estimated cost of the project

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om molecules to money



hattacharya, *58, is managing director, Bank of Hyderabad*

y strategy and work philosophy are simple — scientific budgeting ood housekeeping," says Bhatya, the soft-spoken chemist--banker. A board outside his plush reads, "We should cross the 00 crore deposits by March 1991 each the golden threshold of 00 crore in the golden jubilee year -93."

first target has been achieved this Deposits have crossed Rs.2,500 The rate of growth in deposits, at er cent, is among the highest for led commercial banks. Net profit ped 46.7 per cent to Rs.8.5 crore. ntific budgeting meant giving the allenges to the right people. Budre based on environment and busitential. "I also ensured that books anced periodically. This helps pre- of frauds and tracking of perfor- in areas where the bank has nally been weak," says harya.

rets. His first love, however, was try. Bhattacharya holds an M.Sc. from Agra University and would ked to become a research scholar. nily considerations forced him to ob and he joined the State Bank of SBI) as a probationary officer in ix years later, while still working at the bank, he took his Ph.D. also from Agra University.

Bhattacharya has no regrets about the change in career. In a span of thirty one years, he has accumulated a wealth of experience, and risen through the ranks, first to become the chief general manager of SBI and then, three years ago, as managing director of SBH.

Several awards have come Bhattacharya's way in recognition of his services to Indian banking — the Indira Gandhi Memorial Award for Excellent Chief Executive (1990), Rotary Excellence Award (1990), Udyog Rattan Award (1989) and National Citizens' Award.

"My main problem, when I came to Hyderabad, was image building. People only spoke of SBI and Andhra Bank," Bhattacharya says. "SBH was perceived as a bank lower in the hierarchy of services and business development, keen on public-sector business rather than trade financing or forex financing."

So he set about the task of developing customer service and business development side by side. Model banks were set up which worked towards high customer satisfaction. The results were spectacular. In his three years' tenure, deposits have doubled and profits trebled!

Bhattacharya has also revitalised the regional rural banks operating under him. All four SBH-run rural banks at Adilabad, Karimnagar, Nalgaonda and Ranga Reddy are now profit earners, with satisfactory loan recovery rates.

Long way to go. The banking sector in India has a long way to go, says Bhattacharya. "In the west, getting a loan from a bank is a 15-minute job. But in India, when a customer walks in, we bind him with documents, guarantees, papers and clauses. Banking seems to be based more on distrust rather than trust," he complains.

Bhattacharya is fond of travel and music. Hyderabad has given him the opportunity to indulge in both. He is looking forward to new challenges —a larger bank and greater heights.

■ MEERA SHENOY

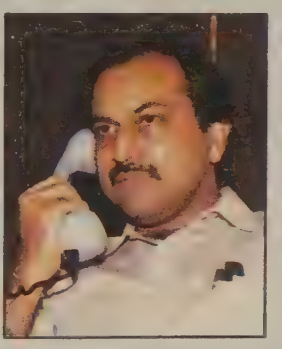
FRONTRUNNERS



A science graduate from Loyola College, Madras, with an MBA from IIM, Bangalore, **G. Shabarinathan**, 31, is in charge of assessing loan applications from electronics and computer related companies at the Technical Development Information Co of India Ltd (TDICI), the first venture capital company in the country.

Shabarinathan had a brief stint with Industrial Credit and Investment Corporation of India (ICICI), the promoter of TDICI in 1982. When TDICI was founded in Bangalore in June 1988, he was among the first few assigned there from ICICI. "Venture capital is going to be very important source of capital in the coming years," he says, "and I am looking forward to some very exciting times ahead."

■ D.P.



At 32, **Rajesh Tiwari** is among the youngest deputy general managers at Mahanagar Telephone Nigam Ltd (MTNL), based in Delhi. After taking a degree in commerce from St. Xavier's College, Calcutta, he went to the UK and did his MBA from the University of Hull.

Beginning his career with Hindustan Lever in 1982, Tiwari soon shifted to the public-sector Telecommunication Consultants India Ltd. When MTNL was formed in 1986, he took over its marketing and communications.

A keen sports lover, Tiwari has been a national-level sports commentator for international hockey and soccer tournaments and Davis Cup matches for Doordarshan since 1979.

Tiwari's main interest today lies in creating a "different image for MTNL". Interaction with over 1.3 million consumers does not make it easy. "But we do try and concentrate on results," he says.

■ R.S.

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NAPATNA

oying with exports

vn famous for lacquered wooden toys extends its range for an eas market

y kilometres from Bangalore lies annapatna, Karnataka's toy town. sleepy area on the picturesque lore-Mysore highway despatches eds of tiny lacquered wooden 'am-lors' all over the world. Lately, it has een manufacturing other lacquer-tems for export. As many as 3,000 s in nearly 200 units craft a colour-nge of toys and accessories. The apatna taluk in Bangalore district of a Rs.2.5-crore lacquerware busi-Nearly 70 per cent of this is through s.



anufactured at Channapatna: largely a foreign market

923, a local educationist, Baba ushered in lacquerware technology apan. Till 1960, the artisans used nual technology. In 1961, the com-ner for handicrafts, Union ministry tiles, introduced hand-operated for turning the halewood (ivory a soft wood used for lacquerware. nits have since switched over to perated and even power lathes.

halewood is seasoned before the used for turning. The wood surface othened with sandpaper and bright are applied using a lacquer stick — ination of lithophone powder, lac-nd dye-stuff. The painted surface is lished with coconut oil and thorny ine leaves.

While the ministry of textiles updated the technology, enterprising exporters, mainly Gujarati, introduced new items such as necklaces, ear tops, hair pins, bangles, napkin rings and powder boxes. Export prospects were as bright as the wares. In fact, the overseas market is so lucrative that a dozen companies in Bombay and Bangalore are engaged in exports. And they are secretive about their markets, products and designs. Most units at Channapatna are tied up in some way with these overseas buyers, and their pickings are substantial with a mark-up of at least 30 per cent. Overseas demand is on the rise, according to a representative of a Bombay-based export unit who prefers anonymity. This company employs 500 artisans in Channapatna and exports 200,000 bangles and 400,000 pairs of earrings annually. Its turnover is Rs.3 crore.



Says P. Sundar Murthy, deputy director, regional design and technical development centre (technical wing), Union ministry of textiles: "One of the main reasons for the growing export market is that foreigners are fed up with synthetic material and prefer items with ethnic appeal." According to Nizam Ali, secretary, Channapatna Handicraft Manufacturers' Association: "Ours is largely a foreign market; the domestic market constitutes about 30 per cent of our sales. The units make, on an average, Rs.10 lakh to Rs.25 lakh per annum."

The exporters provide the specific designs and colour shades. At times, they also supply imported lacquer to get the desired effect. Generally, it takes 30 to 40 days to deliver the goods — either by road or courier services.

But exports are not necessarily continuous, mainly due to non-availability of halewood, which comes from B.R. Hills near Mysore. Adds Ali: "At times, Korea competes with India. During the Gulf war, we had no overseas orders for four months." Orders come from the US, Australia, Canada and Europe. While international orders are specific and deadline-oriented, items for the domestic market are made only when manufacturers find the time. Locally, they are sold through government emporia and at exhibitions.

Over the years, this cottage industry has become too dependent on exports and middlemen benefit the most. Artisans and entrepreneurs, meanwhile, have made little effort to upgrade technology, enhance output or explore the international market independently. Some even large local showrooms even pocket more on Channapatna lacquerware than the manufacturers themselves.

The Central and state governments have four training centres at Channapatna which turn out 100 students every year. A monthly stipend of Rs. 250 is awarded during the year-long course. Students then set up their own units with free tool kits. But the government, in addition, must help artisans and manufacturers to export directly, particularly with lacquerware toys having lost much of their lustre in a local market captivated by plastic and electronic toys.

The industry, which has brightened the childhood dreams of many generations, is today labelled environmentally hostile, since it uses precious wood. But considering that Channapatna lacquerware encapsules two centuries of tradition, it certainly deserves a better deal.

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hat personal touch

d organisations concern themselves with employees' personal as?

r going through a divorce recently, otherwise bright and competent ive in a multinational phar- tical company started slipping up job. His performance was so lack- hat the company could have asked leave, and rightly so. But, it real- at it would lose a good man and that would demoralise other yees.

organisation ap- ned Hari Shiv- , a Bombay- organisational logist. After to the trau- d executive, Shiv- suggested a r to another divi- o force interac- ith a new set of and preoccupa- ith learning new kills. The execu- s moved out of l company flat, he had curious ours and memo- happier days. was given a club rship he was not ntitled to, so that somewhere to go in the evenings. nonths later, the executive, whose withheld on request, had recov- m his trauma and begun to per- ficiently again. Morale within the ation also got a boost, for em- realised that their company



fortunate

ar-old woman executive in a simi- ation was not so fortunate. The y-based company where she had for six years was not supportive ot surprisingly, she has moved to organisation which allows for timings.

ring for their employees, it is the nal family-run set up that scores professionally-managed counter- it as even these companies grow or turn professional, manage- nd it difficult to retain or cultivate a sense of belonging and identity in the workforce.

A.D. Joshi, personnel manager at Cadbury's, says that though most companies have begun to care, they shy away from intruding in personal problems and matters. He adds, "Most companies would rather wait till they are approached for help." In any case, he feels it would be more useful to get outside assistance because then a person would feel less inhibited about discussing his personal problems. Cadbury's, meanwhile, also has Alcoholics Anonymous meetings for its workers.

Bombay-based consultant C. Shridhar, who conducts personality development programmes for executives, adds, "There is a relationship between the tensions that a manager brings to the organisation and his performance. A tension-free, balanced executive works better."

A helping hand

Though few Indian companies have a clearly defined policy on how to deal with their employees' personal traumas, they do, on occasion extend a helping hand. This is generally a result of personal empathy between manager and subordinate. Hindustan Lever Ltd (HLL) in fact has a system where each trainee relates to an older guide with whom he establishes rapport and trust. Says P.J. Kamath, head of human resource development at HLL: "If there is a decline in performance we would try and understand why that is so."

Help for illness-related stress is usually available, and executives are more willing to talk about this than emotional problems. Says a Bombay-based executive: "My job involves a great deal of travelling and I did not know how I would manage when my wife developed cancer." The company not only cut down his travel, but also gave him flexible work hours and financial help.

It seems reasonable that an organisation should involve itself with only those aspects of an executive's life connected with organisational work. However, says Shivdasani, "I feel that in the near future we will be seeing a major change in managerial styles," Richard Nehrbass, a professor of management at California State University, feels that, "The cultures of organisations are changing towards more acceptance of dealing with emotions."

The need for new managerial styles originates from the different expectations and aspirations of the new generation of managers. As regional manager S. Ramanathan at Bush says: "I am not only looking for a big paycheck, but also the work environment and general climate. After all, work takes up so much of my time."

While the line between work and personal life gets thinner, there is little doubt that it must remain. As Shivdasani points out, there is a difference between an affiliative system like the family, which is based on emotions, and an efficiency system, which exists for results. But the fact is that with good managers being scarce, companies which find them will have to do their bit to keep them.

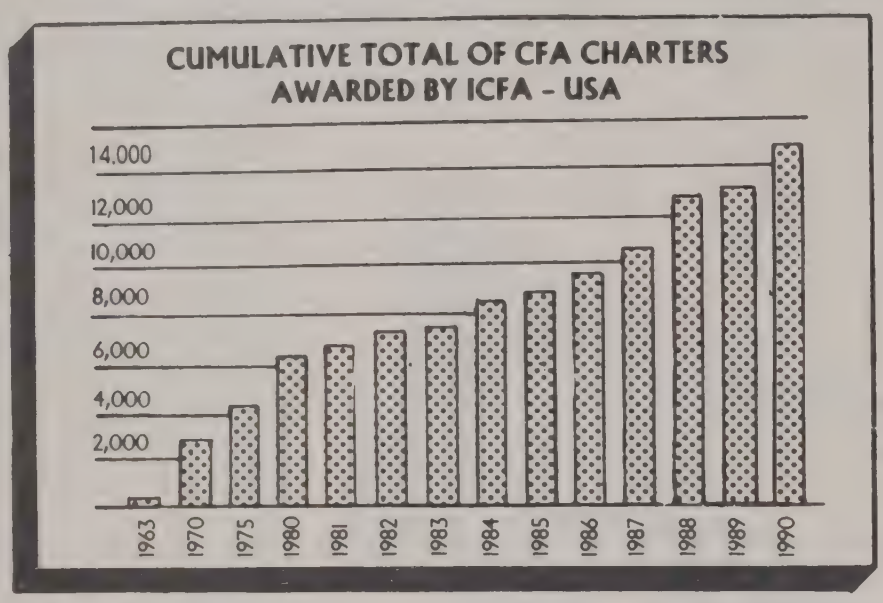
■ MIRA SAVARA

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The Indian Institute

The Institute of Chartered Financial Analysts of India has been established in 1984 as a non-profit educational society. ICFAI is a member of Asian Securities Analysts Council, Japan. The Charter awarded by ICFAI is fast emerging as a symbol of professional excellence. Currently there are 59 CFAs, occupying senior positions in banking and corporate sectors. By 1991-92, the number of CFAs is likely to be around 100. Leading institutions such as RBI, IDBI, UTI, ICICI and IFCI reimburse the CFA Programme fee to their staff.

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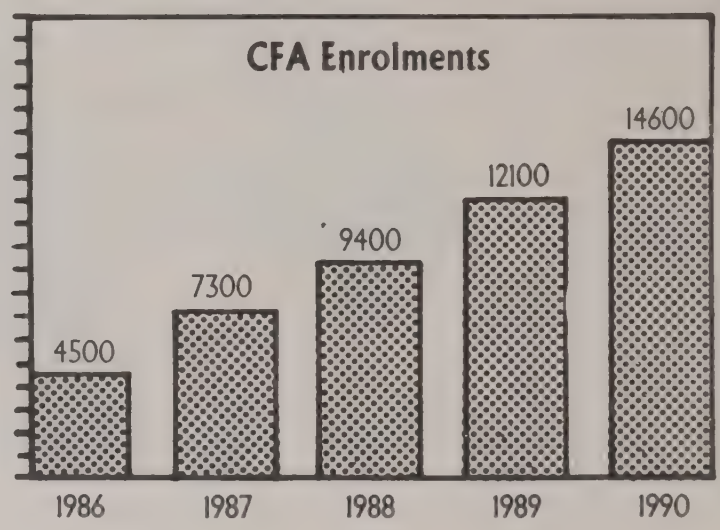
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from the Brabourne Stadium. Thousands of Bombayites thus missed what would have been an intelligent, lucid, forceful post-mortem of Manmohan Singh's handiwork. But then, like they say, there's always another time...

It runs in the family. While father Vijaypat made waves with his exploits in the air, son **Madhupati Singhania** prefers to exploit the air waves. Ever since a friend introduced him to the magic of radio, Madhupati has been a ham buff. Now he has sophisticated amateur radio equipment at home, a portable set in his car for local calls, and friends all over the world. When he's not glued to his set, Madhupati is busy with his other interests, cracking codes for software packages being one of them. "But I don't copy software, it's only for my own pleasure", he clarifies.

Flying single engine aircraft and shooting are other hobbies for the 34-year-old Madhupati who is involved in the family's cement and synthetics businesses. He got hooked on to his recent passion —pistol shooting — last year, and even won a gold medal in the novice class in the national championships.



Last month, the Pune-based Hingne Education Society inaugurated an engineering college exclusively for women, probably the first of its kind in India. And the credit for this goes to indutrialist **B.G. Shirke**, chairman of the society. Initially, three courses — in computer science, instrumentation and electronics — will be conducted. "This college will be specially beneficial to girls who secure high percentages in their HSC but are unable to get into technical courses due to stiff competition", says Shirke. The college has already awarded five scholarships for the first batch. A course in polymer engineering will also be started soon.



While the rest of his family is looking after the Garden Silk Mills empire, 65-year-old **Suresh Shah** is constantly spinning off in new directions. The lively gentleman has been running a nature cure clinic and health food restaurant in Surat. Now he has something new on his plate. In Amalsad, 60 km away from home, he has set up a Rs.3 crore EOU for freeze-drying fruits and vegetables. Tender coconut, bananas, *karela, chawli* and green chilli are among the products Shah will process, to be reconstituted with water in kitchens abroad. An 80 gm pack of dried chikoo — from two dozen of the fresh fruits — will sell for $5. Shah has other ambitions too — he dreams of setting up a health resort in five years. "Yes, I'm an idealist," he muses.

"Exports hold the key"

Avijit Mazumdar, president of the Associated Chambers of Commerce and Industry (Assocham), spoke to S. Swaminathan of *Business India* about the business and moral challenges facing the Indian businessman



How do you view the short-term scenario?
Industry will have to face the prospect of a demand recession that will be much more pronounced in the capital goods section than in the consumer goods sector. The next 12-18 months will be far more difficult than we have seen yet. There will be major problems in the areas of production, sales and finances, leading to industrial unrest and even possible closures.

However, it would be incorrect to say that this will be a consequence of recent changes. We will, instead, be paying the price for the policies we have been following all these years and for the way we have lived for the last three years.

But with the new initiatives announced, the period 18 months hence holds more hope today than if no measures had been announced.

Are you worried that there may be a reversal of the process, on account of the strains that may be visible in the economy in the short run?
I can see a lot of resistance. There will be plenty of problems which the government will find difficult to handle. Industry will be in a chaos.

Frankly, I do not see a reversal arising out of political compulsions, as the two main political parties seem to agree on economic matters.

How do you explain your optimism about the long term, when your short-term picture seems gloomy?
Exports hold the key. After the recent devaluation, our competitiveness in the world market has gone up significantly. We used to complain about bottlenecks, most of them have gone. The whole world is open to us now.

Has the Indian businessman been known to care about such things?
He will now, in the changed circumstances. For, it is his own survival that is now at stake. In the new set of rules, he has to behave. The scope for manipulation of the system has been considerably reduced. Consequently, he can devote his time to running his company and managing his business instead of managing the government, the bureaucracy, etc.

But what about moral values? Will he stop cheating on taxes?
The Indian businessman is not lily white. But morals change to cope with changes in the society. If society changes, morals will change all around. That takes time.

Do you see a large amount of foreign investment flowing in as a consequence of the changes?
It will take 2-3 years for things to happen in large measure. For that, we have to demonstrate our seriousness. The western world today prefers to concentrate on the Soviet Union and eastern Europe. The rest of the world will have to compete for what is left. India has to fight for technology as well as for funds. Companies that already have a presence in the country may seek to step up their investment in India.

There is one issue that we have not addressed, providing protection for intellectual property rights. We must appreciate the fact that companies which have pumped a lot of money into R&D will seek protection. It will be difficult to attract the latest technology if we fail to measure up to this score.

There is a fear that the dictates of comparative advantage may turn India into a primary commodity exporter. After all, our industrial set-up is not exactly the best in the world.

You must understand that we are making a clean break from the pa protection Indian business enjoye meant that we did not have to wo about competition. We did not pa attention to technology upgradati were scarcely worried about quali costs and delivery schedules. But we have to change our attitude to survive.

If we have been talking only ab vast reservoir of technical manpo with us, then, today we have an opportunity to utilise it and harne energies to make India the econor power it can be. Indian business h sufficient skills to achieve this transformation because Indian en are second to none.

To answer your question, India not have the best industrial set-up today. But give it five years and y not be able to recognise it.

Surely you agree that the ball is your court.
Absolutely. That is why I have be saying that these changes place a responsibility on us Indian busine The government has done its bit, to us to do our bit. We have to understand the new concept of qu and we have to think about international marketing. These ch have to come about quickly. So w to change more than anyone else.

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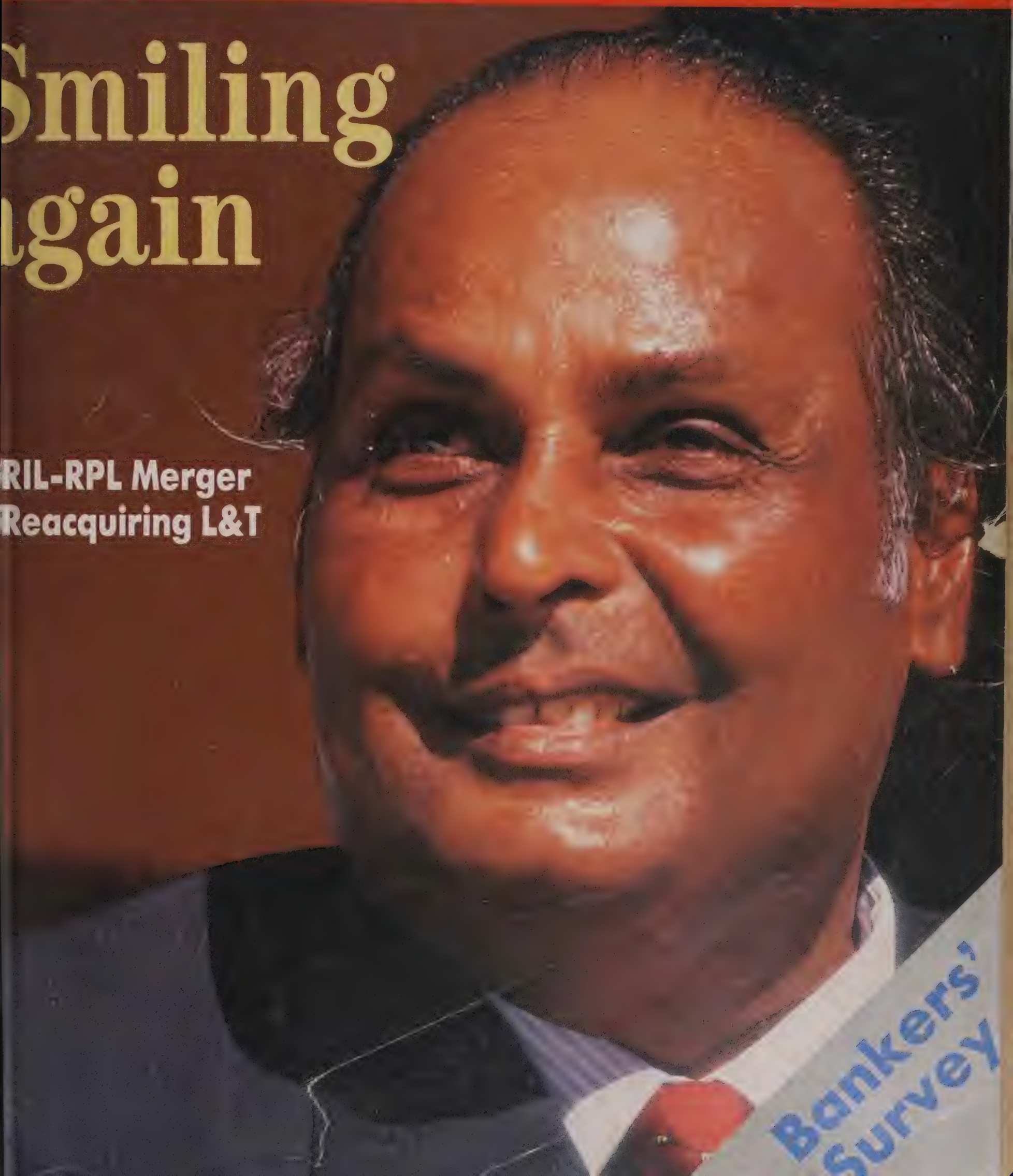
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C.F.T.R.I. MYSORE
26 AUG 1991

From the Publisher

Mergers and acquisitions, an international phenomenon of the sixties and eighties, have often turned sour. As a consequence, corporate performance, as most studies indicate, has not, on average, improved. Yet, there are the Hansons and the KKRs who seem to have done well with mergers and acquisitions, especially of the larger kind, that the Ambanis are now proposing in India.

The Ambanis have come to represent the "can-do" aspect of Indian business, with their grand vision and the confidence that comes with the know-how they possess to implement that vision. Certainly, their foreign collaborators, the large public-sector financial institutions that finance them, and their shareholders seem to share the Ambanis' confidence. In the process, the Ambanis have added new dimensions to the economy.

This does not mean that their actions go unquestioned. On the contrary, the regime that hitherto strictly controlled India's growth led to the emergence of several wealthy entrepreneurs who were long on "contacts" and short on skills. Rather than tar their whole group — many with honourable credentials — with the same brush (as several critics seem to be doing), it is necessary to closely examine the Ambanis in the harsh light of the productive efficiency with which they run their operations.

There is another point to be made here. The likely merger of Reliance Industries with Reliance Petrochemicals and the proposed takeover of Larsen and Toubro will not raise objections from the MRTP Commission on the grounds of asset concentration, since this aspect has been done away with in the latest industrial policy. However, the issue of monopolistic practices remains. As the country's largest producer of several petrochemical-related items, the Ambanis will be in a market-dominant position that the MRTP Commission needs to first, examine, and, later, closely monitor.

Third, there are regulatory issues relevant to the capital markets. The Securities and Exchange Board ought to hold a view on whether investors, especially the smaller ones, are being fairly treated, even at this stage of proxy-gathering. This is a matter of an accurate revelation of the risks and rewards for investors. For example, if RPL has losses to be borne by shareholders of RIL as a result of the merger, the latter ought to be informed of the likely effect on the earnings and dividends of the merged company.

As in the past, the Ambanis' current actions are likely to have a fundamental impact on the manner in which Indian corporations are run and on the concept of corporate democracy.

Ashok H. Advani

Business India



46 Cover Feature

DHIRUBHAI AMBANI

Smiling again

They were once the toast of the corporate world. Nothing they did could be wrong it seemed. Mega projects. Mega growth. Mega profits. Mega issues. They introduced the Indian corporate world to these phrases. Then, suddenly, they were forced out in the cold by the politics of their own creation. But now, the Ambani juggernaut is rearing its head again. L&T, a mind-boggling merger, et al.



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BANKING COMMUNITY

Conservative to the core

Business India assesses the views of the banking fraternity, which has till now never been heard — either for their side of the story on customer service or for their view on banking issues



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PERSONAL COMPUTERS

Ten years of the PC

After witnessing a decade of helter-skelter progress, the top guns of the industry are convinced that they have seen only the prelude — the main event is yet to come

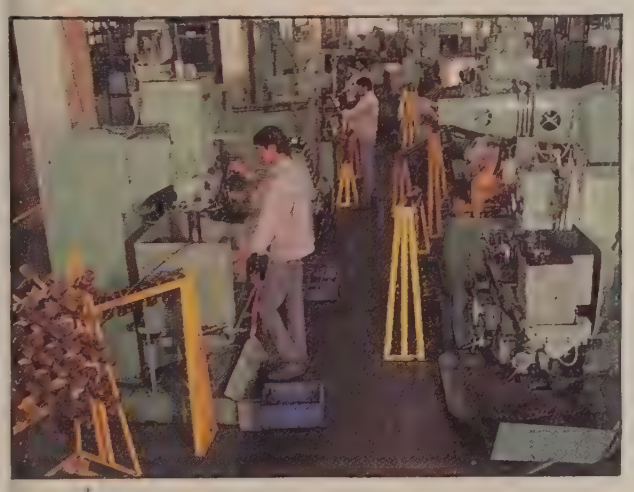
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SHREE DIGVIJAY CEMENT
Down but not out
This huge family-run company is in deep trouble and only a sensible act by the promoters can save it



A.V. THOMAS GROUP
A new thrust
After maximising yields and consolidating its position in plantation, edible oils and exports, the group is now diversifying into other areas



SONA STEERING SYSTEMS
On the right track
Under the guidance of a persevering technocrat, a quality auto ancillary maker is going places

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The seemingly ambitious dual pricing policy for fertilisers only serves to expose the government's ineptitude and its contribution to the continuing price hikes

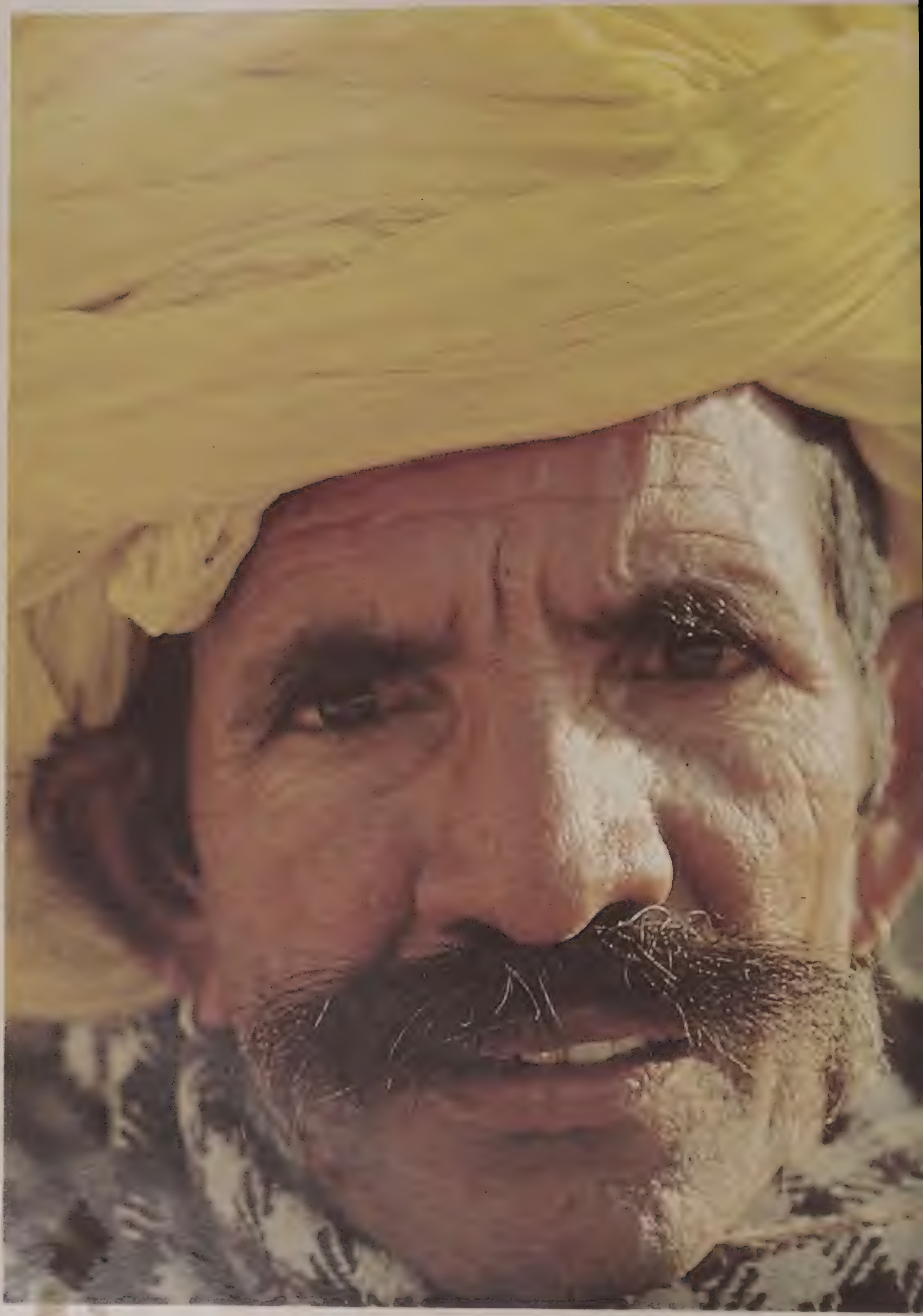
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The Thapar Group

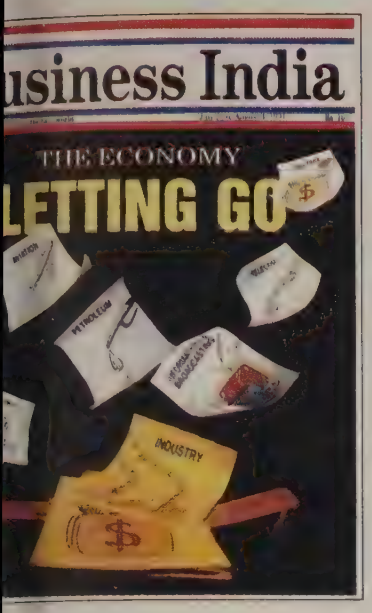


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A worrying situation

article on infrastructure in-ries (Special Report, 22 was thought-provoking explained the interdepen-e of each of the core sector stries in an excellent way. was pointed out that to im-e the rake capacity of the ays, a huge investment of 13,000 crore is required. at this juncture should re-from such investment n will only lead to a long tion period and cost ation.

e Indian government has more introspective to find and correct the existing in the core sector indus-and take stern steps to in-e efficiency and capacity ation of not only these in-ies but also other public-undertakings.

H S.
y

When to export cotton

considering the produc-nd consumption of cotton 991 (Special Report, 8 the carry forward stock of 3 million bales has not mentioned. Exports, on her hand, were of the or-1.3 million and not 13 n bales.

cotton advisory board lers reports of the cotton on in the cotton growing and based on this infor-n, estimates the crop. The at crop estimates are re-either downwards as in 91 or upwards as in 1989-90 fully vindicates the application of the collective wisdom of the members of the board. To suggest that the difference in earlier crop estimates and the later equals exports seems to suggest that the damage to the cotton crop by excessive rain or pests was ordered accordingly. This is a far-fetched assumption.

P.H. BHATT
Managing director, All India Co-operative Cotton Federation Ltd
Ahmedabad

Not all hunky-dory

In 'Life after merger' (Corporate Report, 8 July), the author has tried to present a very rosy picture of Parke Davis, its management and in particular, its amalgamation.

While the company gained some advantage from its amalgamation with its sister concern, as an erstwhile executive of the company, I know the price the company had to pay for it.

Warner Lambert Co of the US acquired a worldwide interest in Parke Davis in 1970 and therefore retaining the Parke Davis name (and not that of Warner Hindustan) after amalgamation invited bitter criticism within the company. Secondly, in the reshuffle of employees that followed after the amalgamation, senior employees were asked to report to juniors leading to a lot of frustration.

Among those who left the company were its president C.M. Hattangdi (vice president — marketing), B.R. Arora (vice president — human resources), S.S. Patil (group director) and V.R. Navalkar (resident director).

The article mentions that the company withdrew its anti-diarrhoea specific, chlorostrep, as it did not have the full effect it was meant to have. Actually its withdrawal from the market was due to a directive from the ministry of health which banned certain combination drugs.

S. BALASUBRAMANIAN
Delhi

Taking chances

The article on bank deposits (Business Notes, 8 July) points to a declining trend in bank deposits by 4 per cent in 1990-91, though there was an absolute increase in bank deposits to Rs.1,91,189 crore in 1990-91 against Rs.1,66,965 crore in 1989-90. You have also remarked about the Life Insurance Corporation's declining share in the savings market.

They indicate a new emerging pattern of household savings in India, ie, household investors' preference for discretionary savings over contractual savings, ie, more risky but high return instruments in the savings market. In fact, there has been a relative decline of contractual savings like the Life Insurance Fund, Provident Pension Funds, etc from 1970-71 to 1989-90. The share of these two instruments declined from 33 per cent in 1970-71 to 24.8 per cent in 1989-90, while the share of important discretionary savings like bank deposits, shares, debentures and units increased from 50.2 per cent to 61.4 per cent during the same period. This is because discretionary savings instruments (units, shares and debentures) are more attractive as they offer better rates of returns). But the share of these instruments in the household savings market was 7 per cent in 1989-90, while the same in industrially developed economies such as the US accounts for around 25 per cent.

H. SADHAK
Bombay

Using waste paper

It has been rightly pointed out that the present paper demand-supply gap of 628,000 tonnes will further widen to 1,000,000 tonnes by 1996, so all efforts must be exerted to increase production to meet the paper demand (Business Notes, 26 June). The new RBI policy too needs to be modified to import 480,000 tonnes of waste paper pulp. Moreover, where short fibred raw materials such as agricultural wastes or waste paper pulp are to be used, imported long fibred pulp has to be used in paper stock furnish to improve paper quality and strength.

Since there is a shortage of forest-based raw materials such as bamboo and hard wood, the government must give sufficient incentives to utilise maximum agricultural waste.

VIJAY KHAND
Lucknow

A slip-up?

A factual error appears in the Feature, 'The old faithfuls' (29 April): R.P. Poddar joined Birlas in 1936 and not Century Spinning and Weaving Mills Ltd.

B.L. ROONGTA
Jaipur

One error

There is no doubt that obtaining an ISO 9000 certification for any company is a pathway to success, 'Where quality is all', (Feature, 27 May). The exhaustive documentation needed for certification helps the companies to counter the problems of talented manpower turnover. However, there is one small mistake. The article uses the acronym BASIFA instead of BASEEFA ie British approval service for electrical equipment for flammable atmosphere.

S.V. NANDA
Bangalore

• We read with interest the feature article. The writer has mentioned that only two Indian companies have so far achieved the distinction of getting International Quality Assurance Certificate under ISO 9000 series. Please note that Ralliwolf Ltd, Bombay/Ahmednagar was the first Indian engineering company to receive BSI (British Standard Institution, UK) approval for having assessed quality capabilities conforming to BS 5750 Part II/ISO 9002 as early as April 1988.

D.I. KHUSHALANI
General manager (technical)
Ralliwolf Ltd
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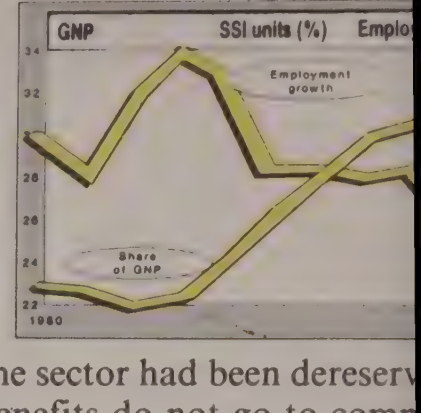
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Fixing what isn't broken



In the current mood of liberalisation, big, even with a foreign tag attached, is considered beautiful. Thus, the MRTP asset limit has been done away with and foreign equity participation hiked to 51 per cent for all but 18 industries. Yet, these policies have left the small scale industries (SSI) untouched. (The SSI contributes over 30 per cent of GNP, 30 per cent of exports, and employs 4 million people in 1.9 million units — 17 per cent of which are sick or bankrupt.)

Has the four-decade old experiment of promoting SSIs by reserving employment-intensive industries for them and granting excise credits and interest subsidies to them been worth it?

The government has now come out with a lacklustre SSI policy. True, by raising asset limits and allowing 24 per cent equity participation by other industrial undertakings, the policy will help larger units in the small sector. But the majority will be unaffected, since 95 per cent of SSIs have below Rs.2 lakh worth of assets.

But the point is that the sector is neither short of funds nor sick (*see chart*). The 17 per cent sickness is due to two reasons. One because finance was given to intrinsically unviable units by nationalised banks seeking to fulfil their priority sector lending targets. Two, as benefits have, by definition, been reserved for low asset companies, it has forced several companies to remain small and vulnerable to market forces.

So if, as the data shows, the sector is healthy, doesn't it make sense to let it be — apart from fixing the cause of sickness by proper evaluation and monitoring of loans — a job that the Small Industries Development Board of India should do but has not?

The answer is no. There lies the fundamental problem of reservation that should have been addressed by the new policy. Currently, the SSI classification is given to 836 high-employment low-technology items. It has thus helped the growth of sectors which would in any case have remained small, such as boot polish and umbrellas. True, there would be marketing synergies in items like umbrellas, but these would have been exploited by large firms using small firms as contract suppliers, even if the sector had been dereserv

On the other hand, SSI benefits do not go to comp which commit large amounts to technology and capita remain small in employee size. These have a significant tribution to make to the economy and need to be encou with cheap credits and access to the best domestic an eign technology.

This strategy has paid off spectacularly in Japan. Fo ample, in the Tokyo industrial district of Ota-ku, known for its innovative small factories, 95 per cent o 9,000 companies have fewer than 30 employees. Over Japan, 75 per cent of industrial output comes from sm midsize companies. The experience of Germany and It similar.

Quite simply, the small scale sector does not need res tion of items. Where the technology is low and capital in ment small, as in paints and dyestuffs, natural econ forces will ensure that the bulk of production comes small companies even if there is no SSI reservation for items.

On the other hand, where technology is high and ca investment large, an item which could over time become ble needs encouragement with subsidies until it beco large enough to be on its own.

The most sensible policy would be to dereserve all it for the small scale sector and provide subsidies to any s unit with turnover below a certain level (say, Rs.1 crore) for a fixed number of years after start-up (say, three ye This would ensure that a small company gets the suppo needs until it reaches a viable level of sales. Thereafte would have to fend for itself with its increasing sales market share helping it to spread its fixed costs and ob higher margins.

What has emerged is an SSI policy that makes for l change. This is a mistake in the context of the ra technology-inspired growth that the country needs. On pected much more from the new government after its b industrial policy and budget.

The institutional vote

Larsen & Toubro, a professionally-run company with 43 years of independent management, has been, for the last two years, under a takeover cloud. As one of the only independents in the big-league (1990-91 sales: Rs.1,404 crore), its takeover by the Ambanis in 1989 excited controversy a jealousy. Some of the controversy was justified: the Supre Court judgment on the transfer of 3.9 million shares of L&T a Reliance subsidiary cast doubt on the integrity of all

vernment institutions that were involved, including the ancial institutions (UTI, LIC, GIC and BOB Fiscal) and the Con-ller of Capital Issues.

How should the financial institutions (who own about 40 cent of the company) vote at the upcoming shareholders' eting on 26 August? Given the ongoing political problems he present minority government, one or more of the insti-ions could abstain as a face-saving measure. This, how-r, is equivalent to supporting the Ambanis, given the ter's 24 per cent holding of the company. Or, institutions ld do this directly via a yes vote.

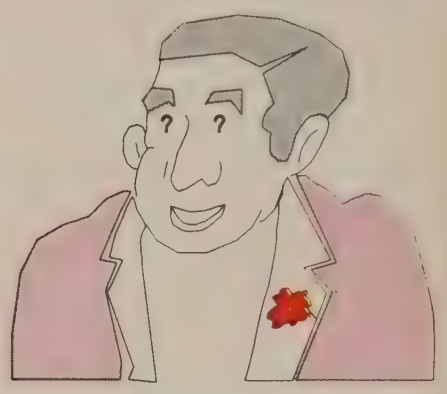
A negative vote might rehabilitate the institutions' reputa-ns given their craven behaviour in the past, but this does recognise the reality of the Ambani stakeholding or of its sitive vision to take L&T places (*see Cover Feature*).

Of course, L&T's share price is currently at an all-time high, nks to speculator and other support for the proxy-hering exercise under way; this suggests an unduly in-flated share price. Hence, a perfectly reasonable approach for the financial institutions would be to sell their shares in the open market at these prices, thereby avoiding contro-versy while generating huge profits over Rs.1,000 crore.

Another appropriate approach for the financial institu-tions would be to support the Ambanis' proposal for a change of management subject to an open tender offer by the Ambanis (along with any other interested bidders) for a ma-jority stake of the company. This would right the real wrong that the Ambanis have committed in the past — managing a covert entry at too low a price.

The role of the institutions is obviously crucial, given the government's talk of non-interference in productive enter-prise while protecting the small investor. It is, therefore, im-portant that they do not repeat, in the words of Justice Ray, their behaviour during the earlier sale to the Ambanis which "cast doubt whether the deal was for public interest and was made on purely business principles".

lon-existent bank chairmen



y September, four more banks will have their top posi-tions vacated — if the chairmen of Central Bank and ik of India finally retire after completing extended terms, if Canara Bank's N.D. Prabhu retires to be followed by .V. Mallya of Syndicate Bank. Add to this four other ks which have vacant top slots for several months now eight of the 20 nationalised banks are or will soon be dless. The guessing game on the new appointments is al-ly on and so is the usual (ultimately unproductive) efforts various contenders to push their own claims.

he general public, which is the real owner of the nation-ed banking system, deserves a better accounting for such aviour. The members on the committee for such appoint-nts would, of course, like to believe that no pushing for-d helps and that appointments are apolitical. But yet, can deny that in more than just one or two cases, profes-alism has been subverted and the banking scene vitiated?

he problem has arisen because there are no well-defined t least no publicly known criteria for selecting top offi-s of banks. Moreover, there is no one outside government ciated with the selection process.

he only clues about selection are provided by a review of ointments made in the past. These suggest either a desire e non-controversial in appointments or the getting rid of rticular executive to favour someone. While there has n the occasional internal promotion, there are only a cou-of cases of appointments based on performance.

he point is not that appointments have been largely non-roversial or that all outside appointees have had satis-ory tenures. The point is also not whether a bank with Rs.56,000 crore of deposits should be treated differently from one with Rs.10,000 crore.

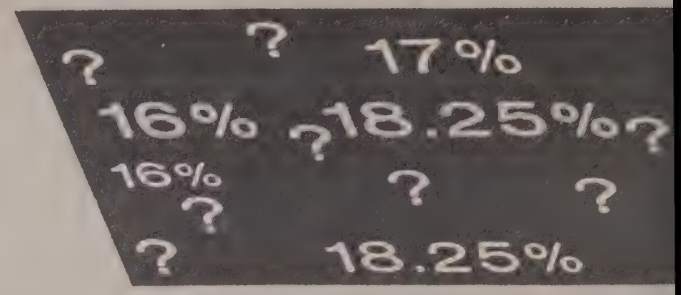
The point is that there should be a clear-cut, well-defined, objective — and equally important — publicly-known policy for appointments at the top slots in banks.

The most contentious issue is the policy of internal promo-tions versus external appointments. The current arguments put forward through newspaper reports by State Bank in-siders is a pointer to the contentiousness but also misses the point. An "outside" appointment is still viewed as an ap-pointment from within the public sector banking system. Why should this be? Why can the public sector banks not be headed by a person from the private sector? If the goal is to choose the best person for the job, an appropriate system would recognize the advantages and disadvantages of inter-nal promotion — loyalty, commitment and a thorough knowledge of the system, but also inbreeding and a perpetua-tion of any inbuilt faults (particularly the lack of profes-sionalism and dynamism that plagues public sector banks). These should be compared with an external appointment (and not just from the banks' pool) before choices are made.

The second policy issue is sufficiency of tenure. Bank chairmen's terms are extended too often and occasionally cut short. This has obvious disadvantages and is also bad for succession planning.

There are other issues including a control of the attendant possibilities for favouritism and corruption that accompany any centralised selection system. These need to be tackled if our nationalised banks are to establish a sound and progres-sive path.

Interest rate liberalisation



The recent freeing up of interest rates on debentures should be welcomed because it gives small investors, for the first time, the opportunity for safe returns that will be — at least partially — protected from inflation. Hitherto, the only safe short-term investment for small investors was a savings bank account that offered 5 per cent — small change in today's inflationary environment.

Nevertheless, the development of a secondary market for debentures will not automatically follow interest rate liberalisation. At present, an investor can buy debentures through stock exchanges at varying yields that reflect (though imperfectly) default risk. Yet volumes remain low and confined to a handful of scrips, with small investors largely disinvesting old holdings acquired in earlier capital issues (larger investors prefer to use the more active private placement market, though for a few securities only).

There are two requirements for developing the market: first, the risk and returns of investing in debentures needs to be understood by the investing public. To this end, an efficient semi-official agency for rating debt, CRISIL, already exists and a second rating agency, sponsored by IFCI, is to start by 1 September and others will undoubtedly follow.

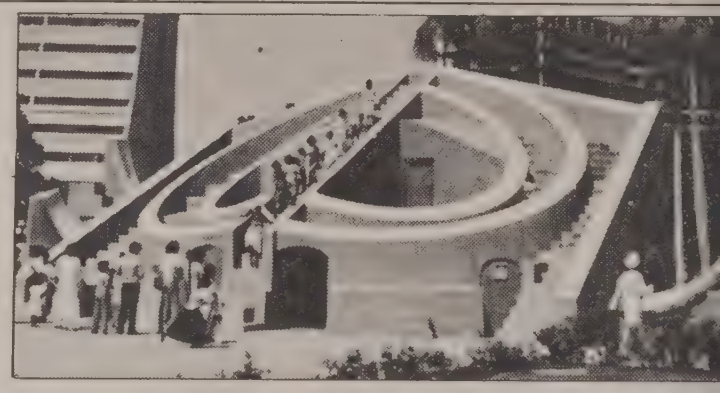
The second requirement for market development is easy access to this market by both the small investor (seeking to reduce his risk by holding a diversified portfolio of debt) and the speculator (who is useful because of the liquidity th supplies). This will require, in turn, that money marke tual funds (MMMFs) be developed.

The MMMFs should either be redeemable at net asset v ie, open-ended, or be put in the forward list on the stoc changes. This would ensure that they have the liquidity ful to small investors. And, since their value would with general interest rates, their volatility would be lim

Clearly, much depends on the government's ongoing cies. It has not started off well. It speaks volumes fo government's inertia that a policy permitting MMMFs in this year has yet to be notified. In fact, even the committ determine the modalities of MMMFs has yet to be formed. ilarly the governments directive forcing companies t their proposed debentures rated will hurt the market as i remove the companies' incentive for seeking ratings issue. This is particularly crucial for secondary markets v companies are performing poorly. Ideally, the demand credit rating should initially come from companies eag get subscriptions and, later, from investors for alre issued debt. The only system which can satisy this is or unilateral rating by an impartial agency, which then sel information at a price.

The government now needs to move quickly to develop necessary complementary policies.

What's up, Delhi?



Delhi is pretty, Bombay is grimy. Yet Bombay is the city that works. Delhi's electricity supply utility, Delhi Electric Supply Undertaking, is more corrupt and inefficient than Bombay's Bombay Electricity and State Transport, as is Delhi Transport Corporation. Delhi's only public financial institution, the Industrial and Finance Corporation of India scores well below any of the Bombay based ones, such as the Industrial Development Bank of India, or the Industrial Credit and Investment Corporation of India. Even though the telephone system is run by the same company in both places (MTNL), the Delhi division works more inefficiently. And any businessman will tell you that the upcoming replacement of the Delhi-based office of the Controller of Capital Issues by the Bombay-based Securities and Exchange Board pleases him as it will probably lead to a clean set of operations for capital issues.

The list goes on. So, what's up, Delhi? Grimy within as Bombay is on the surface? And what has gone wrong wh Nothing wrong with the people, we are sure; Delhi-ites ar least as broad-shouldered as their counterparts anywh else in the country.

The corrupting influence, in our opinion, is the proxim to immense power. It is no secret that many Union minis routinely use the public sector organisations under their m istry as sources of privilege and patronage.

From the ministerial level, the rot that accompanies irresponsible exercise of power percolates down through bureaucratic maze till the very air of Delhi is thick with muck of patronage, be it a job for a favoured cousin c reserved parking space in Connaught Circus.

Perhaps the rest of India should consider itself fortun that the centre of politics is distant from the centre of co merce. Notwithstanding that, the city that is the most heav subsidised in the country owes the rest of us an explanati

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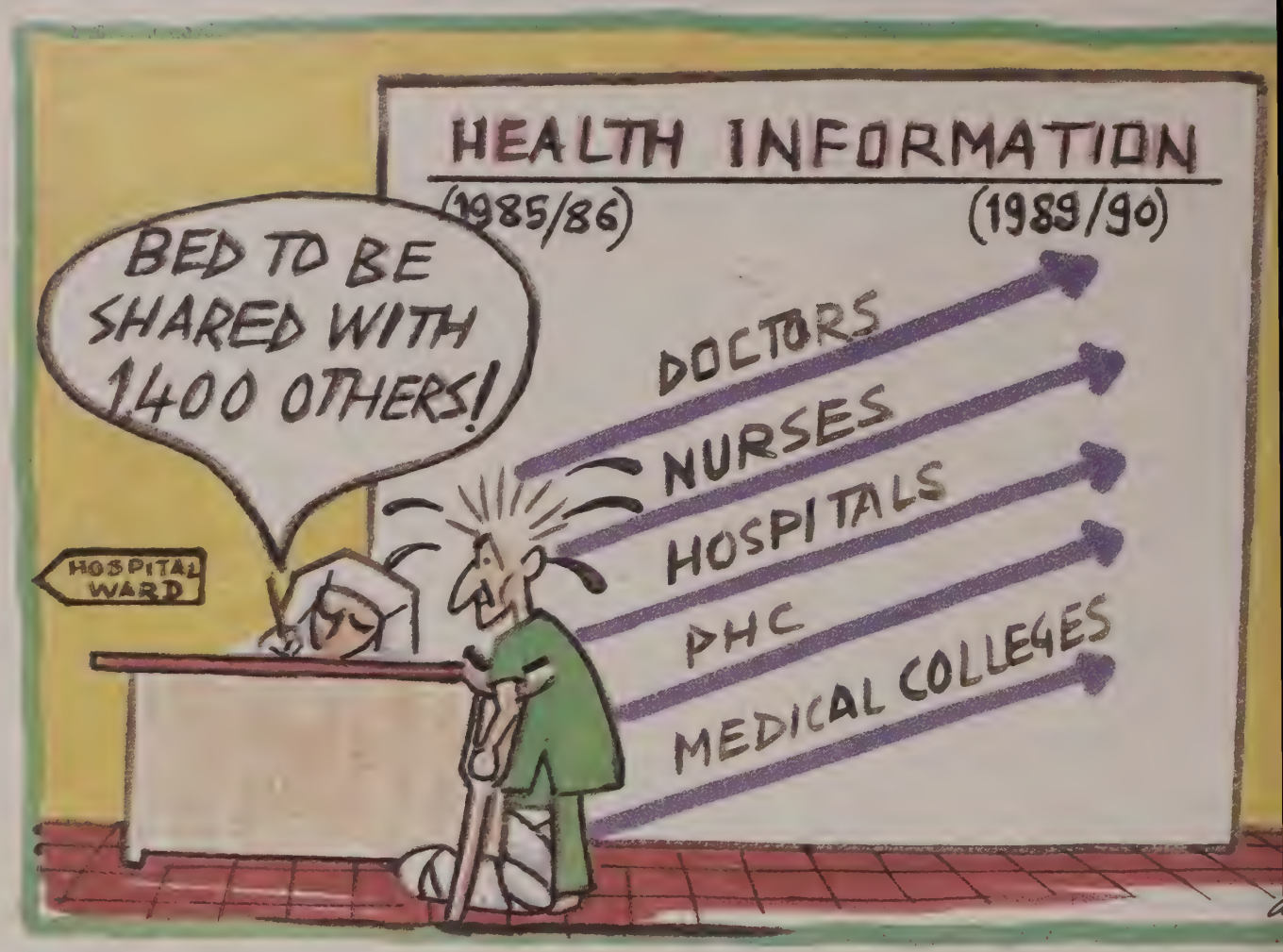
Wanted: strong medicine

Between 1985 and 1990 India's health care network has grown considerably. The number of doctors increased fivefold, nurses tenfold, hospital beds by 400 per cent, and primary health centres by over 20 times.

	1985/86	1989/90
Doctors	65,000	331,630
Nurses	18,500	219,300
Hospitals	4,000*	10,145
Primary health centres	725	16,535
Sub-centres	17,521**	110,275
Medical colleges	42	125

** 1960 ** 1967*
Source: Handbook of Health Information, Ministry of Health and Family Healthcare.

This may seem impressive but let's look closer at the ground realities. On an average, there is only one doctor per 2,600 people, 84,000 people are crowded into one hospital and each hospital bed has to cater to about 1,400 people.

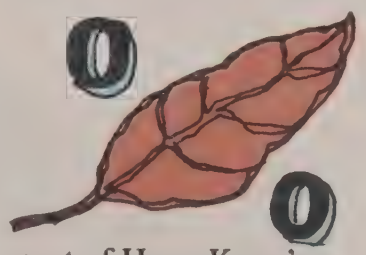


Smokescreen

In spite of having the support of 70 international organisations, ferocious campaigning by the tobacco industry forced the Hong Kong government to revise its earlier 200 per cent tobacco tax increase downward to 100 per cent. This is the first time in Hong Kong that a budgetary measure has ever been changed and that too on a matter concerning public health.

How did the tobacco lobby swing it? Full page newspaper advertisements were issued criticising both the government and the financial secretary personally; trade unions were lobbied to sign up for a campaign stating that the tobacco tax increase was unfair (although independent surveys showed overwhelming support for such hikes); much was made of the effect upon inflation and the effect on lower-income smokers (from whom the tobacco industry makes maximum profit).

The lobbying extended all the way to legislative council members, many of whom turned out to have tobacco industry connections. The inflationary argument was fallacious since only 13 per



cent of Hong Kong's population smokes. Since the tax was first levied, the number of smokers had, in fact, decreased. But obviously clout and connections count for more — even if it is at the cost of a city's health. As there was a decrease in smokers, since tax was levied, in the long term the tax increase would have been deflationary.

A bridge no more



One of the most coveted and lucrative hoarding spots in Bombay, just outside the busy Churchgate station, will soon be no more. The bridge on which it used to be perched is being pulled down by the Bombay Municipal Corporation.

While most of the thousands of commuters streaming past did glance at it now and then — which is why it was a prized spot — few perhaps realised that the hoarding cost Rs.60,000 a week.

For its owners, Ashok Sharma Associates, it was a cash cow. They had bagged a three-year contract from the Bombay Municipal Corporation for Rs.13 lakh. The hoarding has earned them over six times the amount they had invested — Rs.86.4 lakh.



Diners' spread

Time was when only five star names and up-market stores and eateries figured in the member establishment directory of Diners Club, the credit card pioneer in India. But such are the pressures of competition that with the entry of banks in this business as well as other credit card brands, Diners has had to refocus its strategy — spread the net wider, get more members and different kinds of establishments too. So, the latest edition of the directory lists a beauty parlor in Thane, a fruit juice centre in south Bombay and a department store in little known Dibrugrh, Assam.

For the bookish types, *The Asian Wall Street Journal* and *Readers Digest* are on the list. And for the health conscious, there's the Bombay-based health club Talwalkars.

Hospitality stakes

Atlanta-based Holiday Inn Worldwide is the world's largest hotel chain according to *Hotels magazine*. Owned by Bass Plc of England, Holiday Inn controlled 320,599 rooms and 1,606 hotels as of 31 December 1990.

Of the top ten nine were US-based hoteliers. The magazine also ranked the world's largest hotel management companies and 25 largest hotel associations. Touman-Hundley Hotels ranked first among the management companies, with 137,104 rooms and 1,176 hotels. Utell, the giant reservations and marketing consortium, is the largest association with 1.3 million rooms and 6,500 hotels on its network.

Hotels were also ranked regionwise, and in the Asia Pacific region the Taj group of Hotels occupied eighth place.

Sky city

In the US, science fiction is at best turned into a celluloid fantasy, but for the Japanese it could well become a part of reality. The Taisei Corporation of Tokyo has announced its "X-Seed 4000" concept for a 4,000 metre high city of the future.

The city will have a circular base about six km in diameter constructed on the sea or a lake. The base will cover about 3,000 hectares, and the city will have a total effective space of between 5,000 and 7,000 hectares which can accommodate from 500,000 to 700,000 residents.

The design of this futuristic dwelling place will follow a 'space net structure' in the form of Mount Fuji. Below the 2,000 m level will be living space, with the outer frame containing the necessary city functions and commercial facilities, and the core frame, the administrative and international exchange facilities. Above the 2,000 m level there will be nature and space observation centers, energy plants and a panoramic sky resort.

It will take ten years to construct the first 1,000 m of the city, another ten years to build up to 2,500 m and a further ten years to top it off at 4,000 m.

V. RANGANATHAN
Bangalore

Good fellas

The goodwill factor is something which a company's balance sheet may not reflect, but it is none the less a hidden reserve that may go a long way. Enlightened organisations that look beyond returns and ratios know this well. Last month two Nagpur-based companies, DCL Polyesters Ltd, and Sunflag Iron & Steel Company, were doing their bit to bring solace to flood-affected victims in Mowad and its surrounding villages on the banks of the river Wardha.

The companies distributed clothes and blankets; besides, their employees' wives took it upon themselves to console the victims.

Banking rankings

For the first time in 50 years, American banks have slipped out of the rankings of the world's biggest banks. Citicorp, tenth in March 1990 and once the world's numero uno, ended last year languishing in the 21st place. Japanese banks today fill the top six positions and are ten of the top 15. And Europe's three biggest banks are all French. Germany and Britain have only one bank each in the top 15. The State Bank of India ranked 98th, with assets of $56,856 million, deposits of $32,929 million, loans of $24,444 million and profits of $70.5 million.

($ million)

JAPAN	Assets	Deposits	Loans	Profits
Dai-ichi Kangyo	435,718	317,149	227,998	1,012
Sumitomo	407,105	290,411	201,882	1,287
Mitusi Talyo Kobc	221,297	159,083	127,302	502
Sanwa	387,452	278,049	220,747	1,134
Fuji	403,725	280,739	209,124	1,075
Mitsubishi	392,208	280,905	205,773	995
Industrial Bank of Japan	285,158	214,892	155,818	592
Tokai	246,017	180,378	131,265	349
Morinchukin	224,034	177,656	95,345	245
Mitsui Trust & Banking	185,004	160,417	104,884	377
FRANCE				
Credit Agricole	304,706	220,212	237,576	862
Banque Nationale de Paris	291,394	245,616	227,742	296
Industrial Bank of Japan	285,158	214,892	155,818	592



Bailing out

International Ceramics, a manafacturer of ceramic and wall tiles is having more than a spot of trouble. The company which went public in 1990, with a public issue of Rs.2.05 crore has a problem of a dispute amongst its main promoters. The company was promoted by I.C. Singhal (a chartered accountant, who became the managing director), S.I. Goel and V.K. Gupta. Apparently, Goel and Gupta have their differences with Singhal and have not been able to sort them out. They have now begun approaching other ceramic tile manufacturers to see whether they would be willing to buy their equity.

On the defensive

Last fortnight Priyadarshini Cements was forced to go to BIFR. The company went public in November 1985 and raised Rs.10.65 crore. The company set up a cement plant for the manufacture of 500,000 tonnes of cement in Nalgonda district in Andhra Pradesh. The company was promoted by a group of technocrats including D.K. Murthy, S. Veera Reddy and B. Pratap Reddy.The promoters are trying to hang on to the company but other companies are interested in taking it over. Two of these are apparently L&T and Gujrat Ambuja.

Political overtones

A committee chaired by the governor of the Reserve Bank has made suggestions for certain appointments. They still have to be approved by the Appointments Committee of the cabinet headed by the prime minister. The appointments include that of J.B. Shetty, currently chairman of United Bank, as chairman of Canara Bank, of P.S. Gopalakrishna, currently chairman and managing director of Indian Overseas Bank, as chairman of Bank of India, and of R.L. Wadhwa, CMD of Allahabad Bank, as CMD of Central Bank. Some of these worthies are known to have strong political connections.

A reprieve?

BCCI India's depositors need not worry about losing their money, unlike their counterparts in Hong Kong and England. According to an early estimate made by the court-appointed provisional liquidator S.M. Parande, the bank might actually end up with a surplus once every one is paid off. Of the bank's assets of Rs.521 crore, more than half is held by the Reserve Bank under statutory provisions. A large portion of the balance was lent out in the short-term market, about Rs.100 crore of which have already been recalled.

Parande says that the seemingly sticky accounts might be few, and anyway the bank's office premises in Bombay which has been valued in the books at less than Rs.5 crore is actually worth more than Rs.40 crore at today's market rates. And as for those who have been complaining that they can't pay his staff salaries because of the money held up in the Bank, there seems to be a way out.

At least in the case of two small businesses who were in dire need of cash, Parande helped to provide overdraft facilities from his own bank, the State Bank of India. But it looks like it will be months before the depositors get their money back from BCCI officially, unless of course, the RBI and the government allows the bank to be merged with some other bank.



BCCI: surplus after paying depositors?

Restrictions galore

While the brokers are clamouring re-entry in the call market, the Re Bank of India has made their lives more difficult. In a secret circular (whatever that means) signed by the uty governor Amitava Ghosh and is to a select few banks (read bank dulged in the issue addressed by the ter), the RBI has clamped se restrictions on the securities bro such as:

- banks should have no short positio securities,
- outright ready forwards or secur general ledger entries should be refle


Ghosh: clampdown on brokers

on the same day in the investments count of banks
- transactions between two banks sho not be routed through banks
- if it is through brokers it should clea reflect in the bank receipt
- no bank receipts should be issued wi out securities
- the bank receipts should be issued the format devised by the Indian Ban Association
- no bank receipt should be issued in vour of bank constituents (clients) or b kers, and
- any bouncing of delivery order of se rities should be reported immediately the RBI.

Bankers unaffected by this circular s the control is fine as malpractice in the s curities market was prevalent. What t RBI has ignored however is that in un and public sector bonds markets too, t goes on. But then these investments not form a part of the banks' s requirements.



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The Asian Development Bank which is monetarily assisting the country with various developmental projects, will also finance Indian Acrylics with a loan of US $ 5.9 million. And an equity participation of Rs. 325 lacs.

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With its rising demand, Acrylic Fibre is now being used in almost everything, from knitwear, woven and non-woven blankets, blended fabrics, sweaters and T-shirts to carpets and upholstery. In India, however, the industry is in a nascent stage. Against an estimated production of 40,000 tonnes per annum in 1990, demand was projected at 60,000 tonnes per annum. By 1995 this demand is expected to rise upto 94,000 tonn per annum and further to 1,31,000 tonnes per annum by the turn of the century. "Indlon" intends to fill this space to the extent of 20,000 tonnes annum. For success to all associated with the venture.

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tas buy in

Tatas have entered the portals of co Electronics and Electricals Ltd *Business India*, 18 February 1991). cquisition has now been formalised he Tatas acquiring an equity stake 4 per cent through a firm allotment 5 million fully convertible deben- of Rs.25 each from Peico. The total of 11.31 million debentures would vided among the existing share- rs (the employees, the Tatas and 's parent N.V. Philips Gloeilampen- fabrieken of the Netherlands) in the proportion of one debenture for every 10 shares.

The debentures will be automatically converted into one share of Rs.10 at a premium of Rs.15. While the issue has been proposed by the , it still has to receive the approval shareholders as well as the Control- Capital Issues.

Bergvelt, managing director of points out that the Tatas have not given any special consideration and ne pricing has been worked out ac- ng to a formula suggested by the oller of Capital Issues. "We would been happy if the premium was fixed gher level. That would have meant both the Tatas and Philips N.V. have to pay more," says he.

egic alliance. Peico had explored ossibility of acquiring shares from ancial institutions, who hold 25 per of the shareholding for the Tatas. ey were not divesting. And picking ares from the market would have rohibitively expensive.

logic of a strategic alliance with the remains unchallengeable. A feeling certainty had prevailed ever since egulations forced Philips N.V. to di- s equity to 40 per cent, 10 years ago. could happen to Peico in case the ial institutions' loyalties shift (as in se of L&T), was a matter of concern parent company.

o, the advantages of a tie-up with atas were numerous because of the atible business areas they were in — iving of the computer and telecom on to Nelco. Now, uncertainty pre- vails only regarding the identity of the Tata company that will acquire the share- holding in Peico. In all likelihood, it will be Tata Sons or Tata Industries.

■ EAPEN THOMAS

KERALA'S LITERACY PROGRAMME

Paternity squabbles

The thousands who cheered Kerala on its achievement of total literacy (see *Business India*, 13 May 1991), are quiet now. The new Congress(I) led United Democratic Front (UDF) government displayed a distinct aloofness which prompted local papers to report that the new government was winding up the literacy programme.

Naturally, the UDF government had to allay fears fast. Education minister E.T. Muhammed Basheer declared in the state's legislative assembly on 26 July that the government had no intention of axing the programme. All it had done, he explained, was to end the activities of the Kerala Saksharatha Samithi (KSS), to depoliticise the project, the success of which was due to the widespread participation of diverse sections of the state's populace.

But during the total literacy programme, the rival Left Democratic Front (LDF) had tried to spread its influence via the pro-CPM Kerala Sashtra Sahitya Parishad. And in the run-up to the assembly elections, the LDF had projected the programme as its own baby. So, now, it was time for revenge.

Missing the essence. Already those who had been deputed by the LDF government to work in the KSS have been reverted to their original departments, and the KSS staff strength pruned to the minimum. Though these actions, as one official who toiled for the programme admitted, are "technically correct", as even a cursory observer of the literacy programme will assert, quibbling over technicalities is to miss the very essence of a mission which generated such enthusiasm.

Many of those who had missed out the first time round — tribals, coastal fisherfolk, Tamil-speaking residents — had already been primed for the second phase of the literacy programme and it will be unfair to rob them of that enthusiasm.



A literacy class in progress: danger of a lapse

Further, with no follow-up, there is the more immediate danger of neoliterates lapsing into illiteracy.

The UDF government wants the literacy programme to be its own baby now, just as the LDF once went around proudly proclaiming its parentage. And now, the parents are fighting for the possession of the child. Will the baby be finally orphaned?

■ K.G. KUMAR

Words, words

At a press conference in Lucknow, civil aviation and tourism minister, Madhav Rao Scindia, incurred the wrath of the Bharatiya Janata Party when he accused its members of being **"traitors"** by inciting communal passions. The ensuing fracas brought parliamentary proceedings to a virtual halt on all other matters for almost a week.



Just as the IMF and World Bank teams flew into the capital to talk tough with the government on the loan issue, prime minister Narasimha Rao



asserted that India would **never "buckle"** under pressure while negotiating any foreign assistance. He reiterated that the thrust of the industrial policy is "growth, technology upgradation, ability to survive in a competitive world and showing no mercy for inefficiency".

High fliers

The A320s are flying high and logging in those airmiles. Twelve out of the fleet of 16 are airborne on any given day on Indian Airlines' scheduled routes.

In Parliament, even as former finance minister Yashwant Sinha described the new industrial policy as a document of 'retreat' and a 'total drift' from the socialistic pattern, Mentay Padmanabham, the Telugu Desam leader, asked the government to find out how T.N. Seshan, the chief election commmisioner had been allowed to use a cellular phone. Congress-I member Jayanthi Natarajan, supported by other colleagues, objected to any discussion on the CEC on the ground that he was a constitutional figure.

Videocon Appliances Ltd obviously feels that white goods are the great marketing hope. It is planning a Rs.148-crore expansion and diversification programme for manufacturing refrigerators, airconditioners, vacuum cleaners, breadmaking machines and the like. Technical designs and drawings have been obtained from Matsushita Electric Company, owners of the "National" brandname. The financing plan is mainly through secured debentures (both convertible and non-convertible) on a private placement basis.

Clamp-down

The once-exiled telecom czar, Sam Pitroda, is putting the finishing touches to a new policy that will enable clandestine cable television network operators to turn legitimate. Pitroda, now secretary in the Telecom Department and chairman of the Telecom Commission, has suggested amending the archaic Indian Telegraph Act and the setting up of a **National Cable Authority** to issue licences to cable operators.

Small-scale drug units may no longer be permitted to set their own prices. This move, however, is as yet unconfirmed by the department of chemicals and petrochemicals.

The import of **coking coal** for steel plants is to be reduced and indigenous production increased to compensate the difference. The year's target of 28 million tonnes of coal which includes 11 million tonnes of coking coal, will be met by Bharat Coke and Coal Ltd.

Setbacks

At 10.7 per cent, the growth rate of the **electronics industry** during 1990 was the lowest ever in five years according to the annual report of the Department of Electronics (1990-91). Nonetheless the DoE has projected an optimistic production target of Rs.30,000 crore and exports of Rs.6,500 crore by 1994-95.

The deal between **Wimco** and the Delhi-based **Flex Industries** struck last July has been called off. Swedish Match, Wimco's parent, lost patience when the Reserve Bank dithered on approving the match. SM will continue to support the Indian subsidiary until it finds another buyer.

Bare fare

Come September, and **up-market restaurants** in the country are expected to shut shop indefinitely. Their protest relates to the new 15 per cent



expenditure tax slapped
their patrons by the budg
essence, any eatery that i
airconditioned, has a
telephone, deep freezer a
washroom now attracts t
extra levy. The president
Indian Hotels and Restau
Association says that thes
basic facilities and makin
without this is indigestibl

The allegation that minist
state for personnel, **Marg**
Alva, plans to spend a lak
two in doing up her office
not true. The department
personnel has clarified tha
will be spending only
Rs.27,000 — no, not on
carpets but on the bare
necessities.

Sudden impact

Jewellery exporters complained that their hop
reaching an export target
Rs.750 crore this year were
dashed by the sudden
suspension of gold supplie
the State Bank of India. T
famine arose when the fina
ministry instructed the mi
stop supplying the yellow
metal to the SBI "until furt
notice". Now exporters cla
they have lost business wo
Rs.40 crore already.

Despite the government freezing its price hike prop
in June, **Hindustan Photo Films Ltd**, the sole import
and supplier of raw film sto
to the Indian film industry,
jacked up the prices of its
products by 55 per cent. Th
company claims that since
January it has been incurrin
losses of up to Rs.10 lakh d
due to higher import costs a
exchange rate fluctuations.
Film-makers say they would
rather import their
requirements directly.

Gains

Starting this month, the stat
and Union territories will be
allocated 10.34 lakh tonnes
rice per month, as against 9.
lakh tonnes earlier. Similiarl
the **sugar** allocation has bee

from 3.33 lakh tonnes to
akh tonnes.

as Goa has got back its
rom the Portuguese,
er treasure was returned
mil Nadu last fortnight.
a ten-year legal battle in
on, the two-and-a-half
ronze statue of **Lord**
raja was handed over to
minister Jayalalitha with
pomp and ceremony.
2th century idol will be
led in a temple in
javur, its original resting

axation response

mbing to political
ures, finance minister
mohan Singh backtracked
e **fertiliser price** increase
per cent proposed in the
et. He said it would be



l-back to 30 per cent and
farmers would be fully
pt from it. These
essions have halved the
cted savings from
800 crore to Rs.900 crore.

n minister of state for
nerce **P. Chidambaram**,
ecided to be kind by
uncing a series of
essions for exporters.
e include relaxation of the
er cent margin money
rement for OGL imports,
ission to open dollar
unts and increased credit
tes for the export sector.
es, the ceiling on OGL
rts has been raised from
5 crore to Rs.5 crore.

The commerce ministry has issued a list of companies that haven't fulfilled their export obligations. Amongst **the defaulters** are multinationals (Siemens, Goodyear), Indian business houses (Ranbaxy, Modi Rubbers, Jindal Pipes) and even public sector corporations (STC, MMTC, BHEL).

Power play

For the first time, a transnational company, **British Gas**, has made an open ended offer to the government to set up and run power projects anywhere and under any terms (from under 40 per cent to even 100 per cent ownership) in the country. In fact, the company has already submitted a bid for the 817 MW gas-based power project of the Delhi Electric Supply Undertaking, at Bawana.

Rolls Royce plc, UK, too is seriously considering participation in power generation projects. The company is already negotiating with Indian companies as well as NRIs for a joint venture deal. The offer is for small 25 MW gas-based power stations which can supply uninterrupted power to industrial conglomerates. The cost per station is $10 million.

A **Norwegian consortium**, Nordic Investment, is also keen on a piece of the action in the power sector. But it has not yet spelt out its terms.

Teaming up

Never-say-die **DuPont**, which has been shunted around considerably over its proposed Nylon 66 project, is considering a technical collaboration with Indian Acrylics Ltd. The latter is a joint venture between the Punjab State Industrial Development Corporation and Chandigarh-based Steel Strips Limited.

The public sector petrochemical giant Indian Petrochemicals Corporation Ltd and General Electric Plastic (a subsidiary of international behemoth General Electric US) are now a cosy twosome. The newly established **General Electric Plastics India Ltd**, has an equity base of Rs.50 crore contributed equally by the two collaborators. They will set up plants costing a total of Rs.700 crore to manufacture advanced engineering plastics.

Small mercies

The recently announced policy for the **small-scale sector** was a mixture of the old and the new. Existing reservations for small units will stay.



Locational restrictions will go. Moreover, the larger units will be allowed to pick up a 24 per cent stake in the smaller ones, provided they do not use that as a ploy to trespass on "reserved" territory.

The World Bank thinks that India's resource-starved development **financial institutions** should raise their lending rates to a level at least on par with, if not higher than, that of commercial banks. The average lending rates of the latter for short-term funds is 18.5 per cent; a longer term loan means a longer term risk too. If the institutions were to charge a rate of say, 20 per cent, that would bolster their bottomlines as well as prevent the misuse of funds as working capital.

On stream

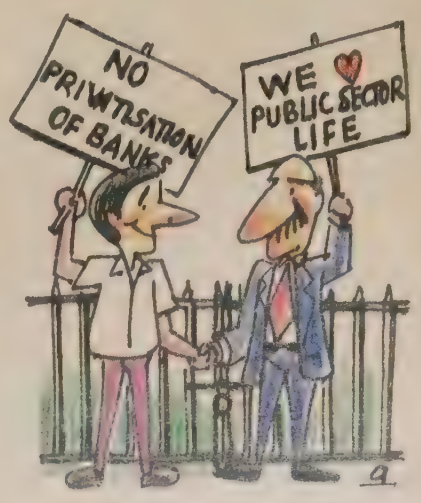
The country's first di-methyl formadide (DMF) plant put up by **Rashtriya Chemicals & Fertilizers Ltd** (RCF) has gone on stream. The Rs.10 crore project at Thal in Raigad district, Maharashtra, has a 2,500 tonne per annum capacity, which roughly matches the existing domestic demand. Currently the chemical is being imported.

India's largest breadspread plant with a 6,000 tonne per annum capacity is being put up by L&T for the Kaira Co-operative District Milk Producers Union. This Rs.5-crore facility under order from the **National Dairy Development Board** (NDDB) is located near Anand in Gujarat and should go on stream in 1992.

Public fears

The recent excise exemption on refined groundnut oil has spurred **vanaspati manufacturers** to demand a similar concession. They feel unfairly singled out, especially since their own raw materials (such as, minor oils) are excise free. Production of vanaspati has been declining of late and they fear it could plummet further if their product is priced out.

Five major trade unions, representing bank officers and employees, will abstain from work on 6 September to protest against the alleged



move towards the **privatisation** of public sector banks. The strike call covers all scheduled commerical banks and foreign banks as well.

Across the border, the **Pakistani government** has decided to sell a 26 per cent stake in Allied Bank (ABL), the country's smallest public sector bank, to its employees for Rs.490 million. The deal marks an important step in the government's attempts to allay union fears that the privatisation programme will lead to large-scale retrenchment.



The **Indian Television Manufacturers Association** says that about 1 million black and white TV sets manufactured every year are spurious. This results in a tax evasion of nearly Rs.100 crore. Delhi, apparently, is the main centre for such imitations.

Helping hand

The Union civil aviation ministry has requested Air-India and Indian Airlines to write off **Vayudoot**'s dues.

While Air-India has generously agreed to absorb Rs.14 crore, Indian Airlines has refused to do so. The domestic carrier says that considering its own losses of Rs.69 crore it can not afford to show such largesse. Vayudoot's total debt load amounts to Rs.130 crore and pruning it would make the ailing feeder airline an attractive takeover proposition for a private tycoon.

A division bench of the Madras High Court has asked the **Binny** union for a concrete proposal to make the 117-year-old Buckingham and Carnatic (B&C) Mills viable at its existing location in Perambur without shifting the process house to Bhavanagiri in South Arcot. The union is likely to seek the advice of an independent technical expert for this.

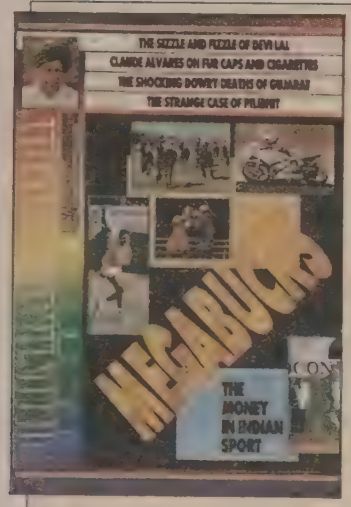
Trade winds

Export and flourish. That in essence was the theme of the **trade policy** declared last fortnight,which containe host of incentives for exporters. Chief among permission to maintain f currency accounts, decanalising 16 export it and granting eximscrips service exports. The direc general of international t the new avatar of the chi controller of imports and exports. Announcing this Chidambaram, union mi of state for commerce, re acknowledged that the measures wouldn't be hal effective if the import cur imposed by the Reserve B of India were not lifted forthwith.

Meanwhile, the second quarter's trade figures rev a six per cent **decline** in exports in dollar terms. T puts the 11 per cent growt target for this year further of reach.

What's been touching an a time high is the export of **shrimps.** Since 1986, yearl shipments of the crustacea have swelled from Rs 378 to Rs 663 crore in 1990-91

LANDMARKS



Suspended, after more than a century, the publication of the *Illustrated Weekly of India*, in the traditional format. The *Weekly* now appears in the market as a 28-page broadsheet.

Filed, by the Bombay-based Marketing & Research Group, MARG, which conducted opinion polls during the general elections for, amongst others, *The Times of India* and the *India Today* group, a Rs.1-crore defamation suit against the *Indian Express* group, for a news report in which the latter alleged that a MARG survey was an "attempt at promoting Sonia Gandhi". Party defendants include acting editor S. Mulgaokar, executive editor Prabhu Chawla, Bombay resident editor Kamlendra Kanwar and publisher V. Ranganathan.

Sworn in, Leila Seth as the first woman chief justice of a high court in the country. She was administered the oath of office of the chief justice of the Himachal Pradesh high court by the governor, Virendra Verma.

Seth was earlier an additional judge of the Delhi high court in July 1978 where she was made a permanent judge in 1980. She has also practised at the Supreme Court and the Patna and Calcutta high courts.

Appointed, A.K. Ghosh, chairman of the Central Board of Direct Taxes. Ghosh, who joined the Indian Revenue Service in 1957, became a member of the CBDT only last year. He was earlier chief commissioner of income tax, Calcutta.

Appointed, Surendra Nath, governo of strife-ridden Punjab replacin O.P. Malhotra, former chief of ai staff, who retired protesting agains the postponement of the Punjab poll Nath, a member of the Union Publi Service Commission and former direc tor general of police of the Central In dustrial and Security Force is an IP officer of the 1950 batch. He was als the first IPS officer to be appointe chief secretary of Mizoram state at th height of insurgency.

Died, Soichiro Honda, founder o Japan's Honda Motor Company, a 84. Honda, who set up the company t manufacture motorcycle engines fo the first time in 1946, was born a blacksmith's son and worked as a me chanic apprentice at the Tokyo ca workshop after leaving school. Cur rently one of the world's leading pro ducers of two-wheelers,Honda entere the passenger car market in 1963.

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GAURAV DALMIA

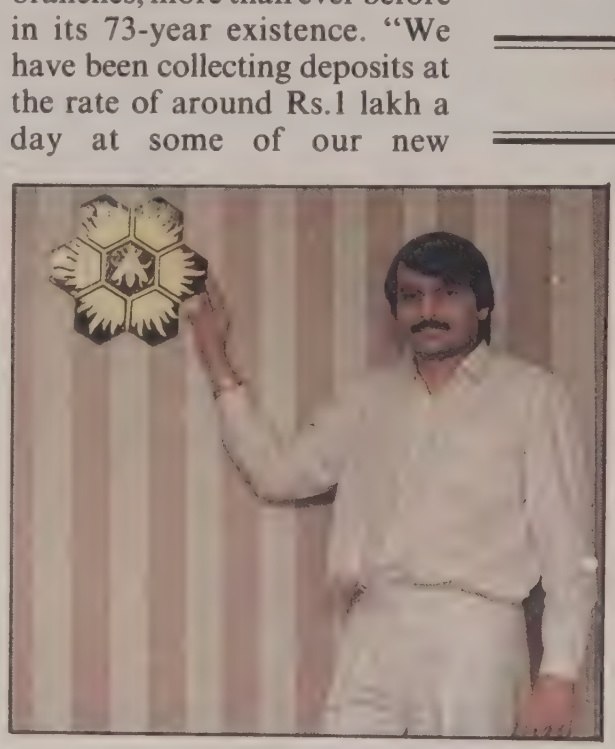
He returned to India last year after taking an MBA from New York's Columbia University. Since then, the heir to the Rs.180-crore Orissa Synthetics empire has worked hard to set up a computer graphics and software division for the company called Digital Centre which now employs around 20 professionals.

Last fortnight, Gaurav Dalmia, 24, bought over a Delhi company, called Showtime Communications, a supplier of programmes to nearly 700 cable TV operators in the country. He also signed a deal with Cable Video India, a consortium of six Bombay video library owners who, among them, control the rights for nearly three-fourths of the Hindi films produced in the country as well as around 4,000 English language films. This will place the exclusive rights for the use of these films with his company. "We estimate a viewership running into several millions," Dalmia says, "and we will be the first national company that will supply cable TV operators quality programmes on a sustained basis."

SURESH PRABHU

At 35 Suresh Prabhu, a chartered accountant, is the chairman of India's second largest urban co-operative bank, the Saraswat Co-operative Bank. Next fortnight he will realise a dream that his bank has held for over 25 years — open a branch in Goa, which coincidentaly will also be the bank's fiftieth branch.

RBI regulations had till recently prevented urban co-operative banks from opening branches outside their area of operation, meaning the city in which they were set up. But since that rule was relaxed last year the Bombay-based Saraswat has opened as many as six new branches, more than ever before in its 73-year existence. "We have been collecting deposits at the rate of around Rs.1 lakh a day at some of our new



branches and I am sure Goa will not disappoint us," says Prabhu.

ANIL MADHOK



Not many middle-aged executives abandon successful careers to start something on their own. Anil Madhok, vice-president of East India Hotels, owners of the prestigious Oberoi hotel chain, is an exception. Madhok, who was tipped to take over as the managing director of the company, is leaving a cushy job to become a consultant. He is setting up two companies — one for hotel consultancy and the other for executive placement services (names not yet finalised). "I found a tremendous shortage of professional expert advice in both these areas," says Madhok. "I am sure I'll have enough work to keep me busy."

V.P. AGARWAL

Sponge iron is suddenly the new sunrise industry and Prakash Industries Ltd, the latest entrant. The Rs.108-crore turnover company has been manufacturing PVC pipes, black and white TV picture tubes, video tapes and cassettes. In a major diversification move, this north Indian producer of PVC pipes is setting up a 150,000 tpa coal-based sponge iron project at Champa in Madhya Pradesh at a cost of Rs.144 crore.

According to V.P. Agarwal, the managing director of the company, there is bound to be an enhanced demand from mini steel units especially after the



announcement of a new g line for the steel sector. policy stipulates the mini use of sponge iron, 50 per in existing electric iron furn and 70 per cent in the new o Plans for further diversi tions into mining and the se up of an integrated steel c plex are also being finalised

SANJIV DUTTA



Having spread their net acr various cities of north India, Intercard people are now all to storm Bombay. "The c cept is based on increasing cardholders' value for mo by offering attractive discou on dining, entertainment, sh ping and travel expenses," s Sanjiv Dutta, managing dir tor of the Delhi-based Dutta Dutta advertising agency (b ing: Rs.5 crore). Unlike cre cards, Intercard members have to pay cash at the 4,0 member establishments in cities. Additional benefit to cardholders includes a perso accident insurance cover Rs.1 lakh.

L. GANESH

Rane group plans to touch
nover of Rs.200 crore over
ext two years, up from the
nt Rs.140 crore. "The em-
is will be on expanding ex-
g lines and to go in for
ed synergistic diversifica-
," says L. Ganesh, manag-
director, Engine Valves
ted (EVL), a part of the



ras-based auto component
ufacturing group.
onsequently, EVL plans to
p an export-oriented unit to
ufacture and export engine
s. Says Ganesh, "The pro-
which involves an invest-
t of Rs.16 crore, will have
ty participation by an
rican collaborator." This
increase EVL's exports
eight per cent of the turn-
to around 20 per cent by
. The products to be ex-
ed will include brake lin-
tie rod ends, etc.

S.G. GUHAGARKAR

Life Insurance Corpora-
's (LIC) zonal manager,
Guhagarkar, in charge of
central zone (covering im-
ant centres in Madhya
desh and Uttar Pradesh) is
ud of his zone's achieve-
t. In 1989-90, his zone
eved the quickest growth in
s assured. The performance
repeated again this year
n the zone stood first again
at Rs.5,207.60 crore, the
assured had grown by 36.5
cent over the previous year.



"What is significant here is that the results were achieved in very difficult circumstances," says Guhagarkar. Given the Mandal and Ram Janmabhoomi agitations which swept over most of north India, this growth is indeed laudable. In the number of policies and first income premia too, the central zone came a clear winner.

S.K. BHATTACHARYA

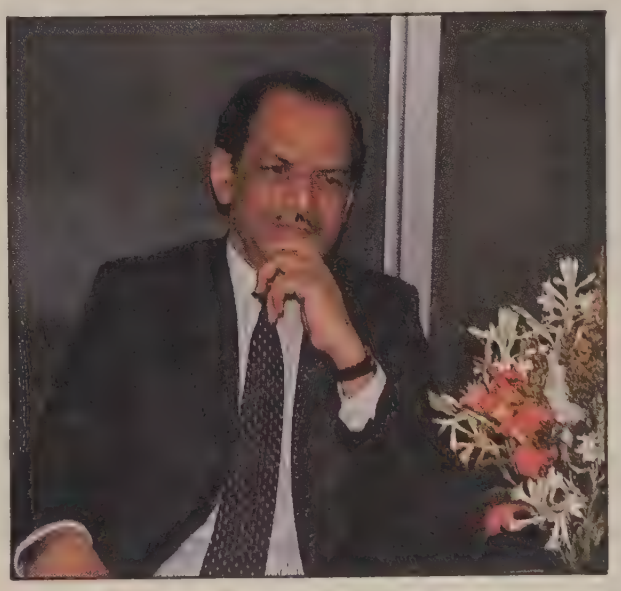
A professor of manufacturing systems at the department of engineering, University of Warwick, UK, S.K. Bhattacharya is an internationally renowned techno-economic strategist. Apart from being a non-executive director of technology on the board of the Rover Group, he has established the Warwick Manufacturing group, a leading company advisory board with an annual turnover exceeding £15 million which has played a stellar role in turning the fortunes of more than 50 large loss-making companies.

His Indian connection is borne out by his role in bailing out the loss-making TVS Suzuki. Bhattacharya set up various task forces and altered the entire decision-making process at the south-based two-wheeler manufacturing company. "We cut fixed costs by 50 per cent. Productivity of the systems were increased without any additional investments by tuning them," says Bhattacharya. Within nine months, the company has shown reasonable profits.



S.S.PATIL

As vice-president (automotive) at Kirloskar Cummins, S.S. Patil is involved in setting up a Rs.30-crore automobile project for his company. But in spite of his busy schedule, he has just finished his second book, *Non-Financial Audits*. "Several times the financial audit of a company might show it to be in good health but danger might be lurking in other areas," says Patil. So his book reviews eight major operational areas of a company like energy, human resources, marketing and technology. Patil, who is also a director of the Pune-based engine giant, gives the example of how American car makers were financially strong on paper and their sales were going up but the market share was slipping because people wanted a small car. The Japanese realised this while the Americans continued to produce luxury gas-guzzlers and eventually lost out to the Japanese. "Had the Americans carried out effective marketing audits, they would not have lost out their premier positions," says Patil.



K.P. KEDIA

The Kedia group of companies with a landmark turnover of Rs.100 crore to its credit, is now implementing plans for further expansions. Says chairman K.P. Kedia, "We are investing in cement and cotton." Already, one of the largest liquor manufacturers in north India, with many well known brands of whisky, rum, vodka and brandy to boast of, the diversifications have been planned meticulously. The one million cement unit will be located in Madhya Pradesh, near the limestone deposits which is a basic input and will cater to the Uttar Pradesh and Himachal Pradesh markets. The cotton unit will also be located in Madhya Pradesh, a cotton growing region.



TUBES

Pressure builds up

The manufacture of tubes (which go inside automobile tyres) is largely dependent on the import of synthetic butyl rubber. Tube industry sources claim that the new import policy is wiping them out.

Under the present import policy, the tube manufacturers have to provide 200 per cent margin money for opening a letter of credit for the import of butyl rubber. Says Raj Sekaran, secretary, Indian Automobile Tube Manufacturers Association (IATMA), "About 25 manufacturers have been forced to close down their units in the recent past as they are not in a position to import butyl rubber, consequent to the imposition of this steep cash margin".

The industry, at present, imports approximately 16,500 tonnes per annum of butyl rubber at an estimated cost of about Rs.50 crore. Most of the tyre companies manufacture their own tubes, however, about 40 small and medium scale tube companies have sprung up to cater to the low price end of the market and the replacement market.

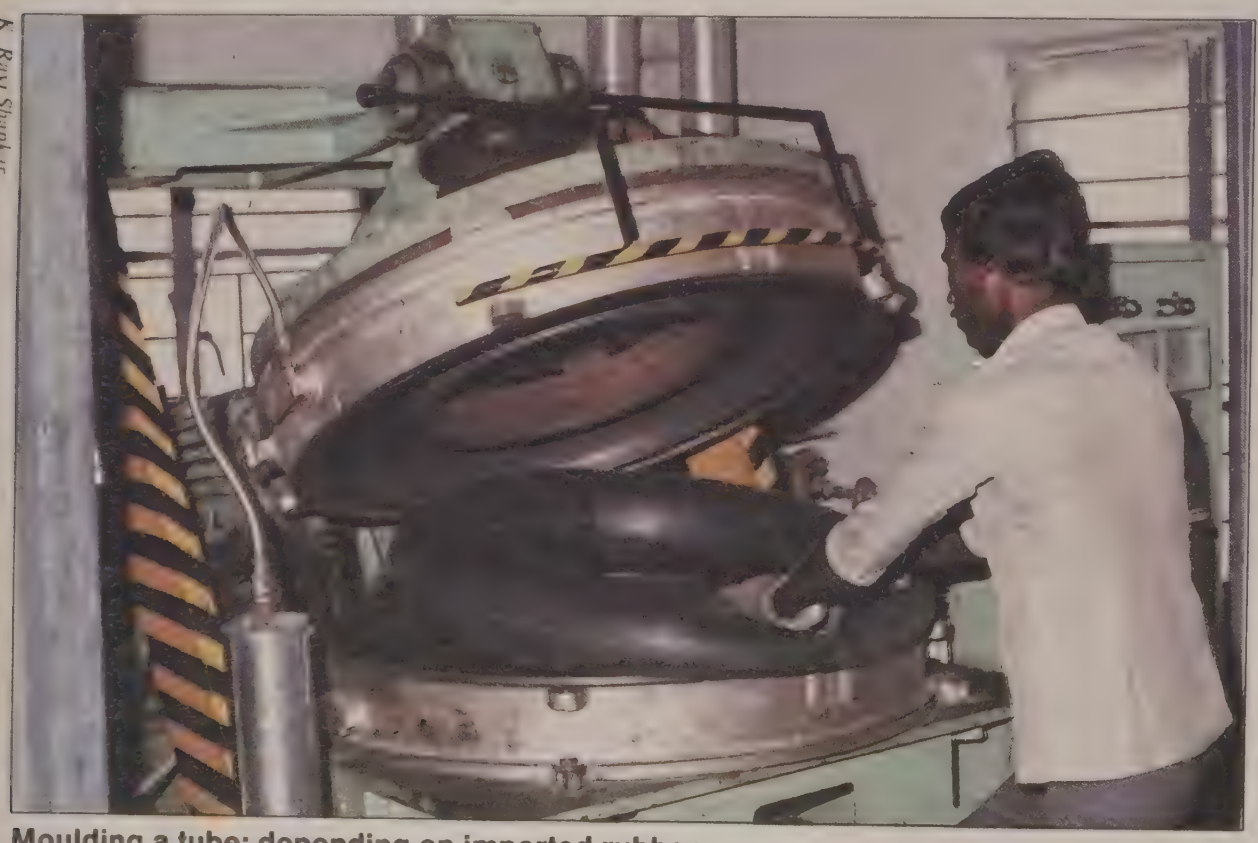
These units employ around 10,000 workers as direct labour and provide employment to another 15,000 agents and sub-agents. Their total sales turnover is around Rs.1,000 crore of which taxes and duties alone are of the order of around Rs.450 crore.

One way out could be the use of natural rubber which is available in the country. But tube manufacturers point out that butyl rubber has superior properties. Besides, natural rubber is also in short supply in India. In 1990-91, the State Trading Corporation, which was the canalising agent, imported 30,000 tonnes of the material.

Raw material shortage. There is no indigenous manufacturer of butyl rubber and the tube industry has to depend solely on imports. A Rs.300-crore project to manufacture butyl rubber, promoted by the UB group, is under implementation at Vishakhapatnam. But the project has been delayed due to difficulty in importing capital goods. Two other projects — promoted by Modi Rubber Ltd and Reliance Industries Ltd — are also only at the conceptual stage. Hence, the reliance on import is complete. Says Raj Sekaran, "The plight of small-scale tube manufacturers can be well estimated as they have to compete with tyre manufacturers who have the infrastructure and large working capital".

IATMA has already made a representation to the government of India requesting to canalise imports of butyl rubber through STC and to waive off the 200 per cent margin. So far, there has been no response. Perhaps, the precarious forex position may sta the way of any good news coming t sociation's way.

■ A.S. PANNEERSE



K. Ravi Shankar

Moulding a tube: depending on imported rubber

MOLASSES

Problems of plenty

The ban on cheap liquor introduc Tamil Nadu, with effect from 16 has brought into the open, the disa ment between the sugar industry an distilleries regarding the export of su molasses. The basic raw material fo production of industrial alcohol, the age of molasses, a by-product of the s industry, presents a serious proble sugar mills. Production of molasse Tamil Nadu during 1990-91 was an mated 579,000 tonnes.

Further, the factories commenced season with an opening stock of 106 tonnes thereby increasing availabilit 685,000 tonnes of molasses. Accordin estimates of the South India Sugar M Association (SISMA), the total mola requirement in the state is 454,000 ton leaving a surplus of 231,000 tonnes.

Short supply. Intense lobbying by sugar industry resulted in a represe tion by the state government to the mi try of petroleum and chemicals for export of 70,000 tonnes. This has sent distilleries in the state into a dit "While the export of molasses on a c time basis is acceptable, further exp could result in a situation of short sup for the distilleries," explains V.T. So sundaram, president, Tamilnadu D tillers Association. The Chemi Manufacturers Association corrobora this stance. The sugar industry feels o erwise. "The distilleries in the state h been functioning at a capacity utilisat of 40 to 70 per cent. Given this situati particularly with the ban on the manuf ture of country liquor, there is scope export at least an additional 60,0 tonnes of molasses," maintain sugar dustry sources.

Exports are certainly more remune tive to the sugar industry. Currently, t price of a tonne of molasses in t



asses overflowing from storage tanks: higher exportable surplus

rnational market is $55. In the domes- market, prices are pegged at Rs.120 tonne, molasses being a controlled nmodity.

While the question of "to export or not xport" is being discussed, stocks of asses have been piling up. Most sugar ories have installed storage capacities p to 50 per cent of the production of asses. "The onus of holding the ks should be placed on the consuming ustry, not on the producer," maintain ar industry sources.

It has been a vicious cycle. The distill- s have not lifted the molasses because hol was not lifted in time, during 0-91," explains Somasundaram. This e was set in motion in March 1990 n the DMK banned interstate move- t of alcohol from Tamil Nadu in or- to cater to the 13 cheap liquor units up in the state.

ere shortage. However, it was not 1 January 1991 that the last of these s became fully operational. In the ntime, the industrial alcohol re- ned stored in the distilleries hamper- further production.

ven when the lifting of alcohol by the ap liquor units commenced, it was not o expectations. Against an anti- ted offtake of 650,000 litres of rec- d spirits per month, the average ake was only 300,000 litres. Despite , distilleries are apprehensive and re- the situation in 1983-84 when 70,000 nes of molasses were exported result- in a severe shortage.

owever it is clear that unless the ban on the interstate movement of alcohol is lifted soon, or additional distillery capacity is created, the molasses problem will continue. Existing distilleries including Sakthi, Coimbatore Alcohol, EID Parry Ltd, Trichy Distilleries and Chemicals Limited, Vorion and Chemplast have applied for permission to increase capacity. "If permission is granted, these projects will become operational within a year," says Somasundaram hopefully.

The sugar mills on their part, maintain that their claims to setting up distilleries should be accorded priority. "The time has come to think in terms of integrated units. Sugar mills should integrate forwards. Let the distilleries think in terms of integrating backwards," maintain sugar industry sources.

They have a point. If production increases by 10 per cent as scheduled, during 1992-93 the industry will only have a bigger problem on hand.

■ DHARANI K. PANI

KARNATAKA'S INDUSTRIAL POLICY

Reviving the tempo

The industrial policy of Karnataka is the result of a prolonged interaction between the state government and industry. The details of the policy are to be announced on 26 August and 4 September.

According to Karnataka chief minister S. Bangarappa, the government has decided not only to remove bottlenecks but also provide an impetus to the further development of industries. According to him, the thrust of the policy will be on privatisation in the power sector; infrastructure development (including power, road, housing and water) in industrial areas and growth centres; and road transportation. The government will welcome direct foreign investment from NRIs. Bangarappa also adds that the necessary amendments will be made to enable industrialists to buy agricultural land for setting up industries.

Acts to be streamlined. By 1992, the Export Oriented Industrial Zone at Whitefield, near Bangalore will be operational, and an international exhibition and convention centre will be set up on a 200-acre site near Bangalore. Bangarappa also says that the state government will provide fiscal support for capital power generation. The Factories Act, Labour Act, and Environmental Protection Act will be liberalised and streamlined. The government has decided to set up a single window for appropriate clearances. Finally, chronically sick units will be disposed off.



A factory : impetus for development

Bangarappa's major industrial package has been welcomed by the leaders of industry in Karnataka. Says S.K. Sharma, president of the Greater Mysore Chamber of Industry, "The state government realised that industrial growth is on the decline and it wants to bring it back to its former position." N. Venkateshiah,

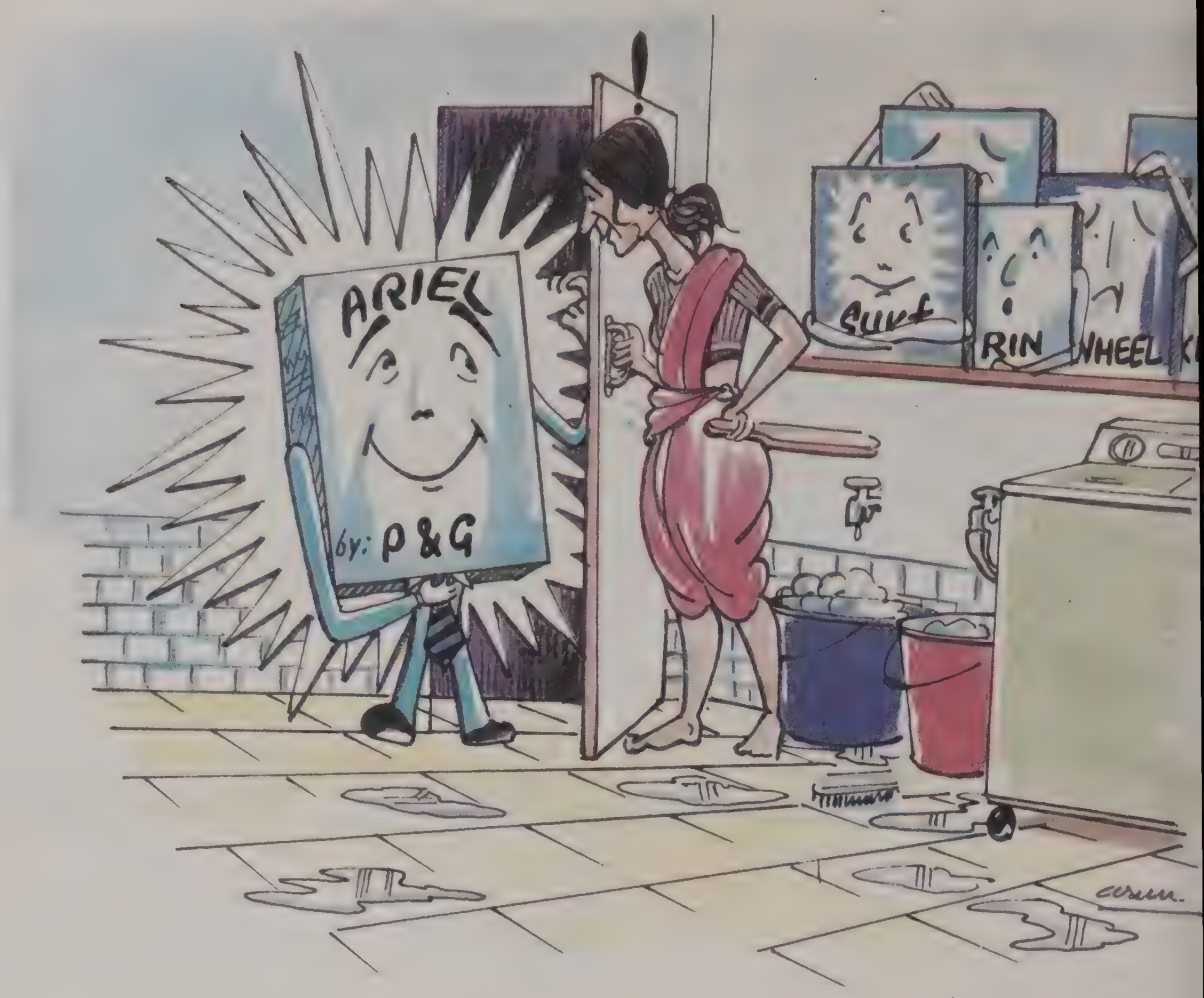
president of the Federation of Karnataka Chambers of Commerce and Industry has welcomed the proposed single window system which will "go a long way in removing the obstacles of industrial growth in the state".

Local industrialists hope that the state government simplifies the tax structure. "Our suggestion is to put all taxes like entry tax, sales tax and turnover tax into one basket and allow us to live in peace." Says another industrialist, "There must be a co-ordinated effort in providing the facilities towards power, communication, hospital, housing, school, etc."

While it is expected that Bangarappa's industrial policy will go a long way in improving conditions for industry in the state, there are some apprehensions about implementation. Says Venkateshiah, "The proposals must be implemented soon." Adds Sharma, "We should do well if the state government has an action plan with a set time."

Karnataka has a good reservoir of skilled labour, a favourable environment and great potential. If the state government interacts often and works with industry there is no reason why the new policy shouldn't achieve its objectives.

■ DEVAPRASAD PUROKAYASTHA



DETERGENTS

All frothed up

The dirtbusters are at it again. After slugging it out in the low end of the market in the eighties, detergent manufacturers have set their sights on the pricier segment. The new buzzword in washing powders is detergent concentrates. These compact, high active formulations promise to free the Indian housewife from the drudgery of scrubbing those stubborn stains. Just a spoonful of concentrate is enough, or so they say, to do the trick.

Leading the concentrates pack is Hindustan Lever Ltd (HLL) which recently launched Rin concentrate nationally. Others who have concocted formulations include Nirma, and Tomco with its 501 concentrate. But the debut that has stirred up a lot of froth in the 2.25 million tonnes per annum detergents market is that of multinational Procter & Gamble's (P&G) Ariel detergent.

Successful test marketing. Ariel, which took five long years to reach the Indian consumer, was test launched successfully in Vishakhapatnam. P&G claims that within six months it has managed to scoop out a 10 per cent market share in the region.

The enzyme-based formulation has a high price tag, too high say some marketmen for the Indian market. At Rs.74 a kilo, Ariel is almost twice as expensive as Rin concentrate, which sells for Rs.44. But P&G's aggressive marketing pitch is aimed at establishing that the extra cost is worth it. Company salesmen do a demonstration with a spinach stained garment to prove that the cleaning power of one scoop of Ariel is equal to four scoops of Nirma, three of Surf, or two of Rin concentrate.

Ariel is slotted as a bucket wash product, formulated like a washing machine detergent, and priced like a premium brand. How is P&G tackling these apparent contradictions? Says P&G's chief executive Gurcharan Das, "Ariel is not specifically designed for washing machines. With superior technology, Ariel turns the bucket into a washing machine."

Doubts, however, are surfacing about the acceptability of enzyme-based formulations. Says P.K. Bharda, Tomco's vice-president for sales and marketing, "I have certain reservations about whether the Indian market is ready for an enzyme-based product like Ariel."

The enzyme formulation of Aerial has also raised some issues about its d matological safety. Some years ago, launch of Swastik's enzyme-based pr uct was a failure as it was not us friendly. The enzyme's subcutaneous try into skin is considered potentially h ardous. "But," as Adi Godrej, chairm of Godrej Soaps, also points out, "the zymes used today are encapsulated, s and far superior."

Laborious system. Thus far the Ind housewife has been using a system wh is a combination of detergent powc cake and *neel* (whitener). According HLL's market survey, this system's c works out to about 0.92 paise per wash an average 15 to 16 garments. One sco of the new Rin concentrate, HLL clai will cost only 0.60 paise per wash and housewife could discard the laborio three-stage system.

The economical one scoop use is su posed to actually bring down the hou wife's monthly outlay on washi powders. But everyone knows that ev in the most advanced countries, di areas like collars, cuffs and borders ha to be first "treated" or "scrubbed" befo the garment is put into the machi Therefore, it is doubtful whether the c system contention holds good.

Indeed, what does the average hou wife look for in a detergent? She wants economical, efficient, user-friendly a safe product that will alleviate her da

gery. She will have neither the time the patience to work out "scoop" omics. Her basic question would be ill this product, at this cost, give me kind of wash I want? The fate of these detergent concentrates rests on how factorily this question is answered. ed on that, either the housewives will h their hands off these new concen- es or increasingly reach out to use n.

■ PADMA RAMNATH

L MARKET

ho needs iddlemen?

st fortnight, the Investors' Club — an nformal body of funds managers of ks — once again considered the ques- of brokers being allowed to re-enter call market. Reportedly, the nation- ed banks vehemently opposed any move at this meeting. But the very that bankers have considered the e is enough for the brokers who im- iately started a campaign to clamour re-entry into the arena.

he brokers are much more confident time of regaining their earlier status he banking industry. Says one of n, "The Reserve Bank of India may e dragged its feet on this issue all g, but this time they will have to take cision." The confidence is a bit sur- ing. For, as far as the RBI is con- ed, the brokers continue to remain *sona non grata*. If at all, the country's king watchdog has only become more se to the brokers' re-entry now, than as then.

h payouts. The main reasons for the in the early seventies were high pay- s of brokerage and malpractices by kers by holding the rates unduly up so they could earn higher brokerage. ce then, banks have been managing r money at call without brokers for r 20 years now — at least officially. y should have gained expertise by v, RBI would like to think. Besides, ceiling on the call rates no longer ex- which means that there is no need to d the rates at a particular level. More- r, there is the Discount and Finance use of India (DFHI) on the scene which created by the RBI to act as a broker he call market. In other words, from



Shut officially, but confident of revival

the RBI's point of view, the brokers may as well forget their call market expertise.

Yet, the brokers have not given up. For the past two decades, they have managed to survive somehow. Most have moved into other markets such as securities and shares, units and bonds. The call market, for such brokers is, as a well established broker puts it, "an area to earn goodwill". No banker would pay a broker his commission to buy or sell his funds on account of RBI's ban. But, admits a senior banker, "If a broker is regularly helping you out, you are bound to develop a soft corner for him." And this soft corner earns the broker a good deal on his other business in securities.

Then why do bankers still depend on these middlemen? Says a funds manager, "It is impractical to approach 20 banks and still not be able to get the full amount required. We would rather have someone else do the first round." Another advantage is that bankers are able to hide their identities by operating through brokers. For instance, if the market knows that SBI is a borrower, the rates shoot up immediately. The DFHI, the 'monopolistic broker in the call market', has not been very effective too, complain bankers, besides favouring lenders and profiteering.

Better deal. Most important, the brokers claim to have gained professionalism in their job. Instead of the earlier one desk, one telephone outfit, today, a good number of brokers have well appointed offices and qualified personnel who are eager to give better service to banks. Says an established money broking firm's chief, "If allowed to operate officially, we can offer many new call market products to banks." Future deals, structured products or two-way quotes — all point to a sophisticated money market.

Bankers are, however, not enamoured of this suggestion. "Such deals already exist, although maybe there is no sophisticated name for them as yet," claims a senior banker. He also warns that two-way quotes will be feasible only when the brokers themselves take positions. In other words, banks will be at the mercy of brokers. And RBI will not allow this.

If at all RBI relents, the re-entry of brokers in the call market will only formalise a practice that is prevalent informally. The RBI, however, is not known to be of the relenting kind.

■ ALPANA KILLAWALA

WEST BENGAL BUDGET

Rhetoric and shibboleths

The Rs.19,051 crore West Bengal state budget was presented in Calcutta on 26th July by the CPI(M) led Left Front government. The state finance minister, Asim Dasgupta, offered no new ideas and the budget preferred to retain the features of *bhadralok* communism.

Since 72 per cent of the budget was tied up with meeting day to day expenditure,

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Dasgupta found he could do very little to break new ground. According to available figures, the budget will be funded up to Rs.4,932 crore (25 per cent) from revenue receipts, up to Rs.11,646 crore (50 per cent) from the public account and contingency fund and Rs.2,468 crore will come from debt heads.

Warning bell. Dasgupta however, struck a note of caution when he said that if the Centre defaulted in its transfer of funds to the state, this could send the entire zero deficit state budget tumbling down. The Centre rakes in about Rs.2,000 crore in transferred taxes and grants in aid and Rs.1,800 crore on the capital account.

The leader of the opposition, S.S. K called the budget a "political statem full of old-fashioned Marxist clich According to him the budget did not c sider the new directions emphasised in Union budget, the new industrial po or the precarious foreign exchange p tion. "There has been no effort to prove the investment climate in state."

The state government's over emph on land reforms was also severely c icised, "It is a laudable step but it never worked. Even in eastern Eur and China this has only led to social rest and a fall in food production. Her



Asim Dasgupta and Jyoti Basu: could do very little

Asked whether the presentation of the fifth zero deficit budget was a gimmick, Dasgupta said, "There is no question of it being a gimmick. The Reserve Bank of India allows an overdraft only for seven days. Either we balance our account at the end of the period or go bust. There can be no question of a deficit budget under such circumstances."

Dasgupta maintains that the proposals emphasise better tax realisations and, in this regard, the state had been placed first in the ninth Finance Commission report. All new taxes were levied on luxury goods and the 1.2 per cent increase in sales tax is the main revenue earner for the state. Rates of agricultural income tax on tea plantations were increased by 10 per cent across the board. But this will net only Rs.4 crore to the state exchequer. The new budget proposals will yield an additional Rs.67 crore.

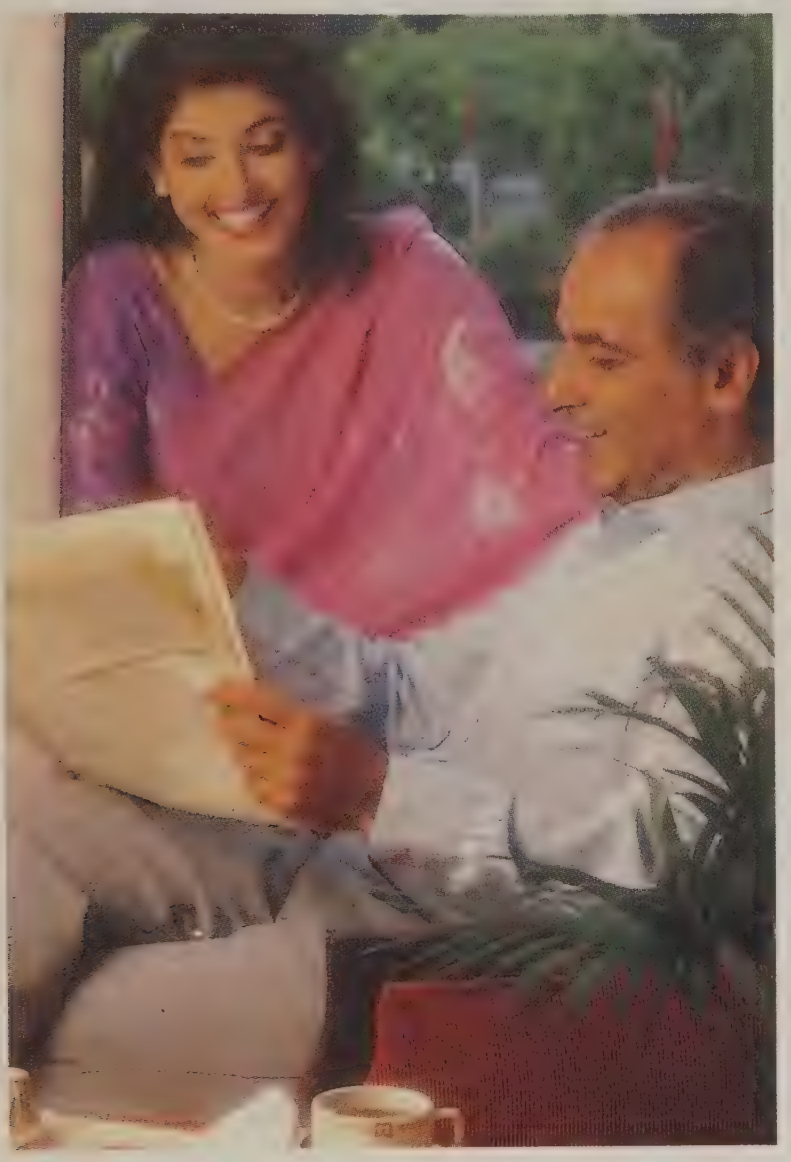
Bengal, we have redistributed land such a manner that the new land own does not find it worth his while to fa the land."

Practical approach. In the circu stances, the finance minister feels th given the reality of the national econom scene, a more pragmatic approach needed and a supplementary budget is i evitable. The industrial scenario is, ho ever, bleak. Work on the state Bakreswar super thermal power proje has been stalled after the credit channe dried up. The Haldia petrochemical co plex has similarly been stalled in the fa changing situation.

The new budget only tactly recognis these shortcomimgs by offering to i crease employment by giving minor ir gation and road repair contracts to loc unemployed youth and landless labour

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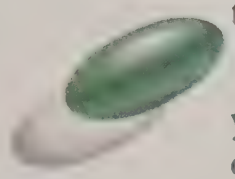


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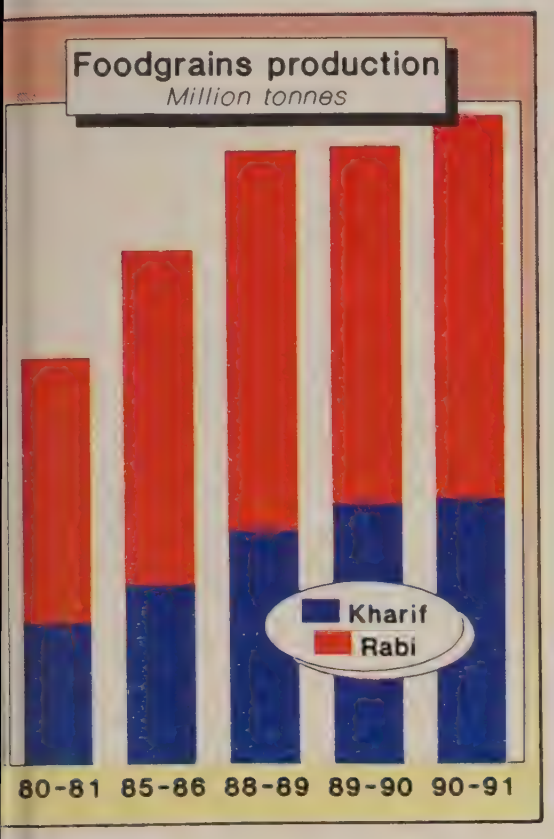
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The new industrial policy and the policy for small-scale industry are both heartening as they give the country a sense of renewed confidence. But amidst the euphoria of industrial growth, one is tempted to forget the agricultural sector which in many ways is still the backbone of the Indian economy. Granted that the nexus between industry and agriculture is not as strong as it was a decade ago, but still there is synergy between the two sectors. There is a growing demand for consumer durables in the rural sector albeit on a smaller scale because purchasing power is still limited. But with increasing awareness and higher incomes due to good harvests (three in a row) the farmer now looks beyond his basic necessities.

Agricultural growth, especially foodgrains production, has increased substantially over the last thirty years. Much of this is the result of the green revolution initiated in the mid-sixties. The green revolution was the outcome of high-yielding varieties of seeds, improved irrigation facilities, and increased use of fertilisers and pesticides.

Even after the green revolution was launched, the agricultural sector continued to account for less than a quarter of the total plan outlay. Total institutional outstandings for direct finances to agriculture and allied activities increased from Rs.14.30 crore in 1968 to Rs.24,000 crore in 1989. The growth in institution finance helped in boosting yields by encouraging modern methods of farming.

Increased production

Despite land area being more or less the same, foodgrains production — especially rice and wheat — in the post green revolution period increased considerably. One of the reasons for the breakthrough in rice production is the special attention given to the eastern region.

However, the success story of rice and wheat could not be grafted on to coarse grains and pulses. Coarse grains production has been stagnating at around 31 to 32 million tonnes now for over a decade. Pulses production has also been stagnating at around 12-13 million tonnes. This has resulted in the per capita availability declining over the years.

Irrigation contributes significantly to improving yields, but the larger irrigation projects have proven to be largely white elephants because they have not been fully utilised. The cumulative gap in the utilisation of this potential till the end of the Seventh Plan works out to about 8.3 million hectares. However, the focus in the Seventh Plan was on ground water development and minor irrigation projects.

Besides irrigation the use of high-yielding variety (HYV) of seeds and fertilisers have boosted yields. The distribution of certified/quality seeds has increased substantially from 2.5 million quintals in 1980-81 to about 5.7 million quintals in 1989-90, paddy and wheat being the main beneficiaries.

Also, consumption of fertilisers which was only 5.5 million tonnes in 1980-81, has more than doubled to an estimated 12.7 million tonnes by 1990-91. However, fertiliser prices have been increased for the first time in ten years. This will curb consumption.

Given the fact that the Indian population by the year 2000 will be in excess of 1,000 million, the country will have to produce at least 240 million tonnes of foodgrains. This means that on an average, foodgrains production has to increase by nearly 7 million tonnes per annum for the next ten years. With the production of foodgrains in Punjab stagnating and the country's wheat output decelerating in the eighties, the task ahead is daunting. Any strategy to improve production will have to focus on more irrigation facilities for agricultural land as up to now irrigation covers only about 30 per cent of the total cultivated land. One reason for low yields in pulses is that a mere nine per cent of the area under pulses cultivation is irrigated. Increasing yields is not easy but given the limited options all efforts will have to be made in this direction.

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2.122	Dealing with Conflict	—	550
*2283	Manage People, Not Personnel: Motivation & Performance Appraisal	725	—
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*1385	Designing and Managing Your Career	725	—
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*90060	Managers in the Middle	—	484
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8.033	R&D Management Part III	620	481
8.051	Service Management	—	412
8.091	Shop-Floor Management	—	550

P.S.: Don't forget — this is a tax deductable expenditure.

Note: 1. *New Volumes added in 1991.

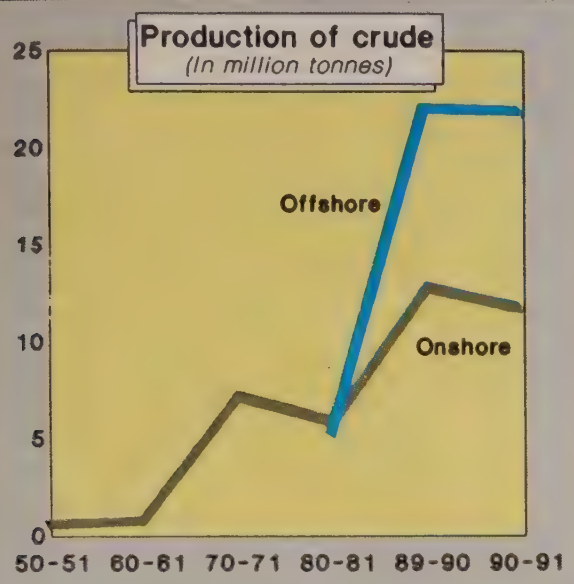
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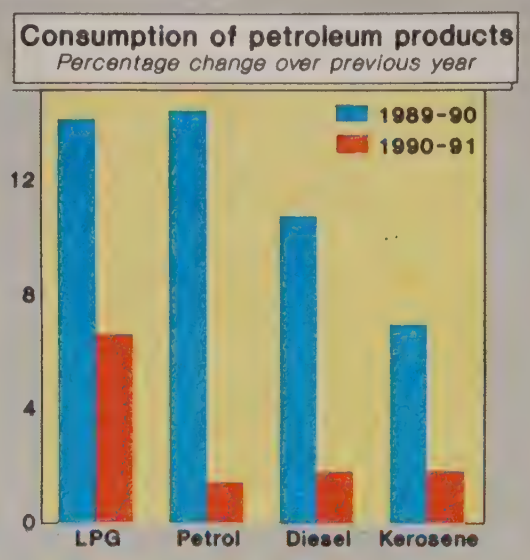
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oduction of crude oil, at 33 million tonnes (mt) in 1990-91, was out 3 mt short of the production target of 35.9 mt. Even though the partment of Petroleum and Natural Gas has set the production get for 1991-92 at 36.10 mt, actual production is unlikely to touch mt. Even after this, net imports of nearly 28.6 mt of crude oil and roleum products will be required in the current year to meet total mestic demand.



Consumption of petroleum products has been increasing at the rate of 6.4 per cent a year. Between 1980-81 and 1988-89, consumption of LPG, petrol, diesel and kerosene were up by 22, 9, 8 and 8 per cent, respectively. However, the steep hike in the taxes of petroleum products in 1990-91 brought about a sharp reduction in the consumption of these products.

wholesale price index: The all commodities index is up 1.28 ent during the month to 13 July 1991. The index of primary ies was up due to a steep rise in the prices of fibres (3.1 per cent) oilseeds (3.6 per cent). In manufactured products the price of nemp and mesta textiles was up 7.2 per cent during the month r review.

(1981-82 = 100)

	13 July '91	15 June '91	14 July '90	% change over month	% change over year
mmodities	197.80	195.30	179.20	1.28	10.37
ry articles	205.40	201.90	182.60	2.22	13.03
factured products	194.40	192.60	179.60	0.93	8.24

ey and Banking(sheduled commercial banks): Growth in d money (M3) was practically nil during the month under re- Also, bank credit is marginally down by 0.37 per cent. Though credit is down by nearly 4 per cent, it is still higher than a year

(Rs. crore)

	12 July '91	14 June '91	13 July '90	% change over month	% change over year
money (M3)	2,77,744	2,77,708	2,42,405	0.01	14.50
gate deposits	1,98,599	1,97,840	1,73,399	0.38	15.00
redit	1,17,561	1,17,997	1,04,533	−0.37	12.50
redit	5,247	5,456	3,933	−3.83	33.40
deposit ratio	59.20	59.64	60.23		

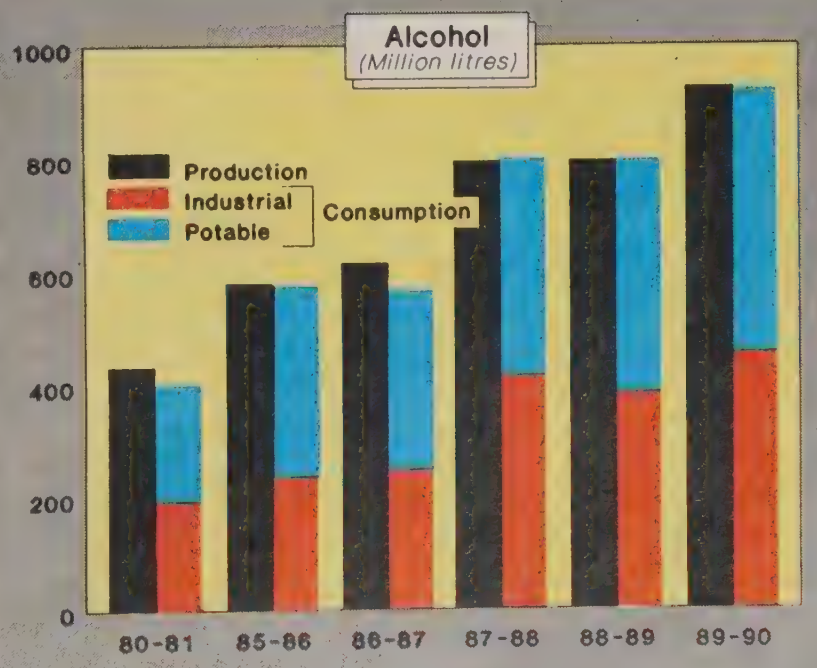
on prices and stockmarket index: Gold prices have remained vely stable for the period under review. In the same period r prices have declined. The BSE stock exchange index has ped by 8 per cent but there are indications that it may remain e.

	9 Aug '91	8 July '91	11 Aug '90	% change over month	% change over year
(Bombay)	4,101	4,040	3,375	1.48	17.70
(Bombay)	6,815	7,180	6,975	−5.35	−2.34
ndex -79 = 100)	1,663.57	1,363.99	1,025.8	18.0	38.33

of gold is in rupees per 10 gm and silver in rupees per kg)

Alcohol

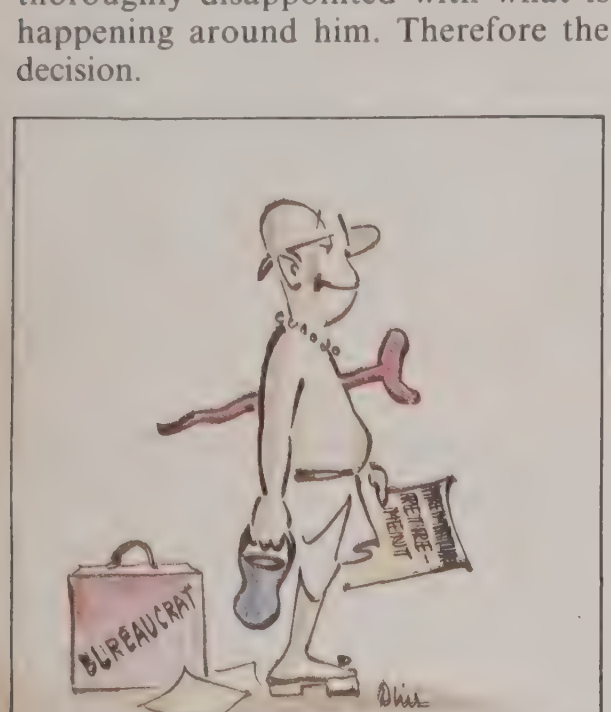
Though India is endowed with vast natural resources from which alcohol can be produced, there have been constraints to growth. Distillation of alcohol for potable purposes has been known in India from ages. But the use of alcohol for manufacturing organic chemicals was introduced only in the fifties. Alcohol is a feedstock for a number of organic chemical products like acetic acid, acetic anhydride, vinyl acetate monomer, and polystyrene. It also forms the feedstock for mono-ethylene glycol, N-butanol and poly vinyl chloride.



Production and consumption: Production of alcohol has more than doubled to 926 million litres between 1979-80 and 1989-90. Both industrial and potable consumption has been increasing at a steady pace. If alcohol has to be used as a chemical feedstock on a large scale, its production has to increase. It has been estimated that production of alcohol in 1994-95 will be over 1,000 million litres.

Divine relief

It will perhaps be for the first time that a senior serving bureaucrat will renounce the world and head for the Himalayas to take up *sanyas*. Precisely what steel secretary B.L. Das, a 1958 batch IAS officer from the Bihar cadre, is planning to do. In fact, he has already put in his papers asking for a premature retirement. Apparently, Das has had enough of work and is thoroughly disappointed with what is happening around him. Therefore the decision.



The grapevine, however, has it that this is because he cannot get along with current steel minister Santosh Mohan Deb. Whatever it might be, as things stand in government today, it will not be very surprising if more of Das's colleagues also think along the same lines.

Fate in the balance

Speculation is rife within the bureaucracy on the fate of the finance secretary S.P. Shukla. Earlier special secretary in the commerce ministry and a 1958 batch IAS officer from the Bihar cadre, Shukla has been totally sidelined by his new boss, finance minister Manmohan Singh.

In fact, it was expected that Shukla's would be the first head to roll when the Congress-I government came to power. However, matters were delayed since the budget and the various policy changes were on the anvil. Shukla has apparently been ignored during the entire budgetery exercise.

Not only that, Manmohan Singh has been relying heavily on the chief economic advisor to the ministry, Dipak Nayyar. Even during the course of the many press conferences that the finance minister has addressed this month, Shukla has had little to contribute. Usually, after the budget, the finance secretary addresses the press conference to clear various issues. Singh's presence this time therefore came as a surprise to many. Now with major economic initiatives by the government in place, it only seems a matter of time before Shukla is eased out of North Block.

Housing problems

Even as urban development minister Sheila Kaul is trying hard to get former ministers vacate their spacious bungalows in the central district of New Delhi, one former minster has refused to oblige. At present, most of the ministers in the Narsimha Rao cabinet are homeless including defence minister Sharad Pawar who is occupying the chief minister's suite in Maharashtra Bhawan. The others are not so lucky, they only have ordinary rooms to operate out of in respective state *bhawans*.

It's Sanjay Singh, former minster of state for communications, who has written to the urban development ministry that since he finds his present residence at 11 Safdarjang Road to his liking, he wants to stay put. However he has made it clear that if the ministry so desires, he is ready to pay a rent equivalent to the market rates. Which could run into thousands of rupees per month given the location.

The house he is in has seen several illustrous people occupying it, the most recent being cultural czarina Pupul Jayakar had turned the house into a veritable seum during her stay.



Disappearing trick

The latest civil list of the Indian Adm trative Services has some very interes information, especially in the Bihar li civil servants which numbers 383. Bih notorious when it comes to its civil vants manning various senior positio the state and the Centre. But this beats it all. There are two officers wh on 'unauthorised absence' since joined. S.K. Saha of the 1969 IAS ba and Vijay Kapoor of the 1977 batch seems, never joined the services. B were regular recruits, a category am civil servants which means they cam through the regular civil services entra examination conducted by the UPSC ev year. Another interesting fact is that list also names two IAS officers, Ga Saran Thakur (1983) and R.S. Tiw (1973) as 'under suspension'. What th four officers are doing is anybody's gu even as they continue to remain memb of the elite civil servants club.

Tougher to get in

The private secretaries to the minister — or at least those who are trying hard become secretaries — are in for troub times. The prime minister has insist that all candidates for these plum posts screened properly by the central vigila commission (CVC). Though only the IAS ficers upto deputy secretaries to the g ernment are entitled become private secretar to ministers, there ha been cases where ev joint secretary level of cers have been chosen remain in Delhi.

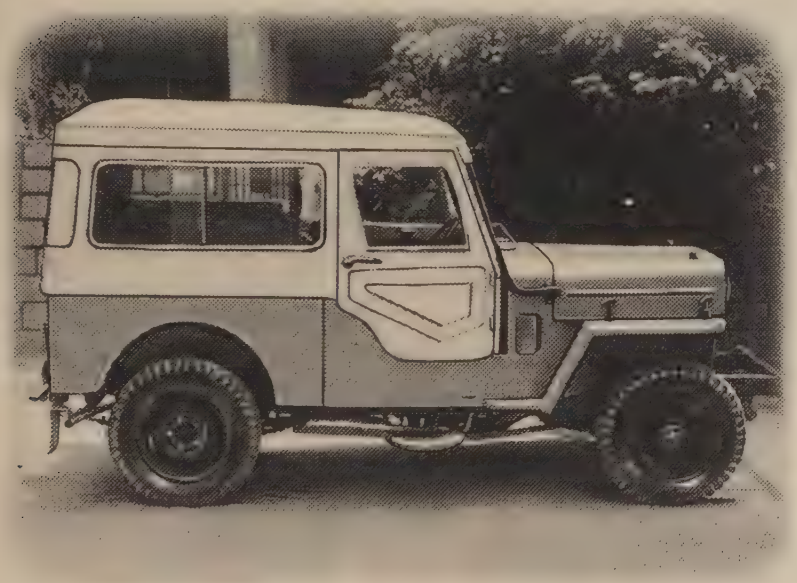
It won't be so easy no as the PMO is taking firm view of all such a pointments. Also, a nu ber of IAS officers wi inquiries pending again them at the state level w now obviously not be a lowed to stay with t ministers. Meanwhile, t ministers are trying ha to get incumbents of the choice.

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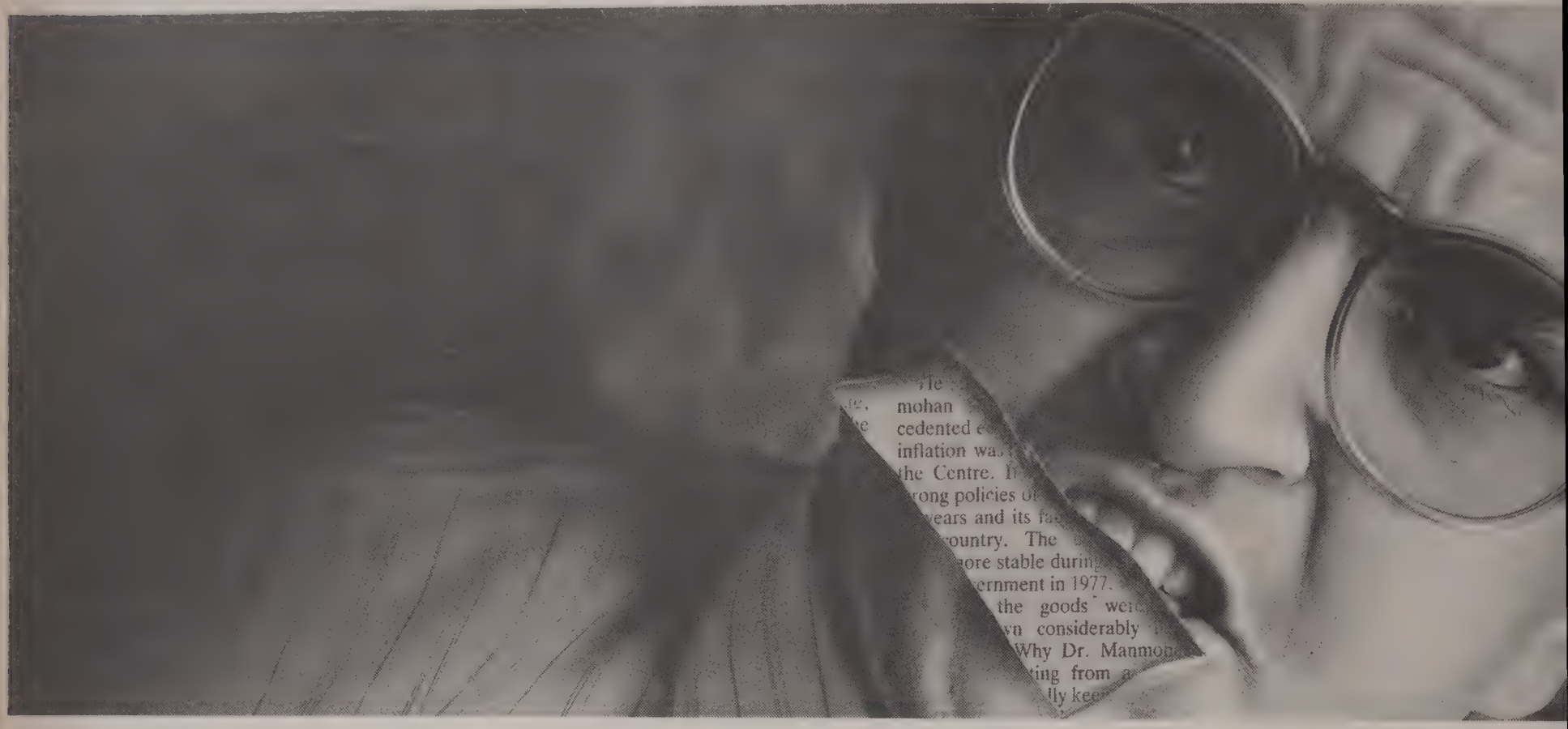
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RPG ENTERPRISES

Presenting the Godrej 930X Printer



And a censored version of the market reactions.

What was the hurry?
The printers currently in use are quite adequate. And if [redacted] computers aren't complaining, what was the tearing hurry to bombard the market with this top-of-the-line 300 cps whiz-kid? [redacted] Preposterous!

User-friendliness? Or... seduction?
All operations of the Godrej 930X Printer, it seems, are possible through a finger-tip front panel control. And it's so designed, even a [redacted] novice can make full use of all the built-in [redacted] capabilities. This is not user-friendliness; it's [redacted] downright seduction!

Paper handling? Looks like black magic!
Both bottom feed and rear feed are possible with the [redacted] 930X, and so is cut-sheet feeding without having to take the continuous stationery out of the tractor. Feeding of paper and removal of paper is at the touch of a button! Now if this isn't [redacted] uncanny, what is?

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Incredible hold over time and distance!

The news is that the 930X operates non-stop for days together without a [redacted] switch-off! And it's a long-distance runner with a high printhead life of over 500 million strokes! But who needs that kind of printing [redacted] prowess, except perhaps a printing press! [redacted]

The unfair advantage of font cards!

The 930X offers a variety of standard fonts. Moreover there's a slot near the front panel which eagerly takes on a font card besides the standard ones. Now that's hitting other printers below [redacted] the belt! [redacted]

Compatibility? It looks like conspiracy!

The 930X is available with IBM and EPSON ESC/P Emulations. Plus, it offers the unique option of an EMULATION card which makes it [redacted] compatible with a host of other systems. Now isn't that taking compatibility a bit too far?

Well, now that you've heard the printable excerpts of the market reactions, it's time to contact your nearest Godrej Dealer for a live demo.Without fear, prejudice, or obligation.

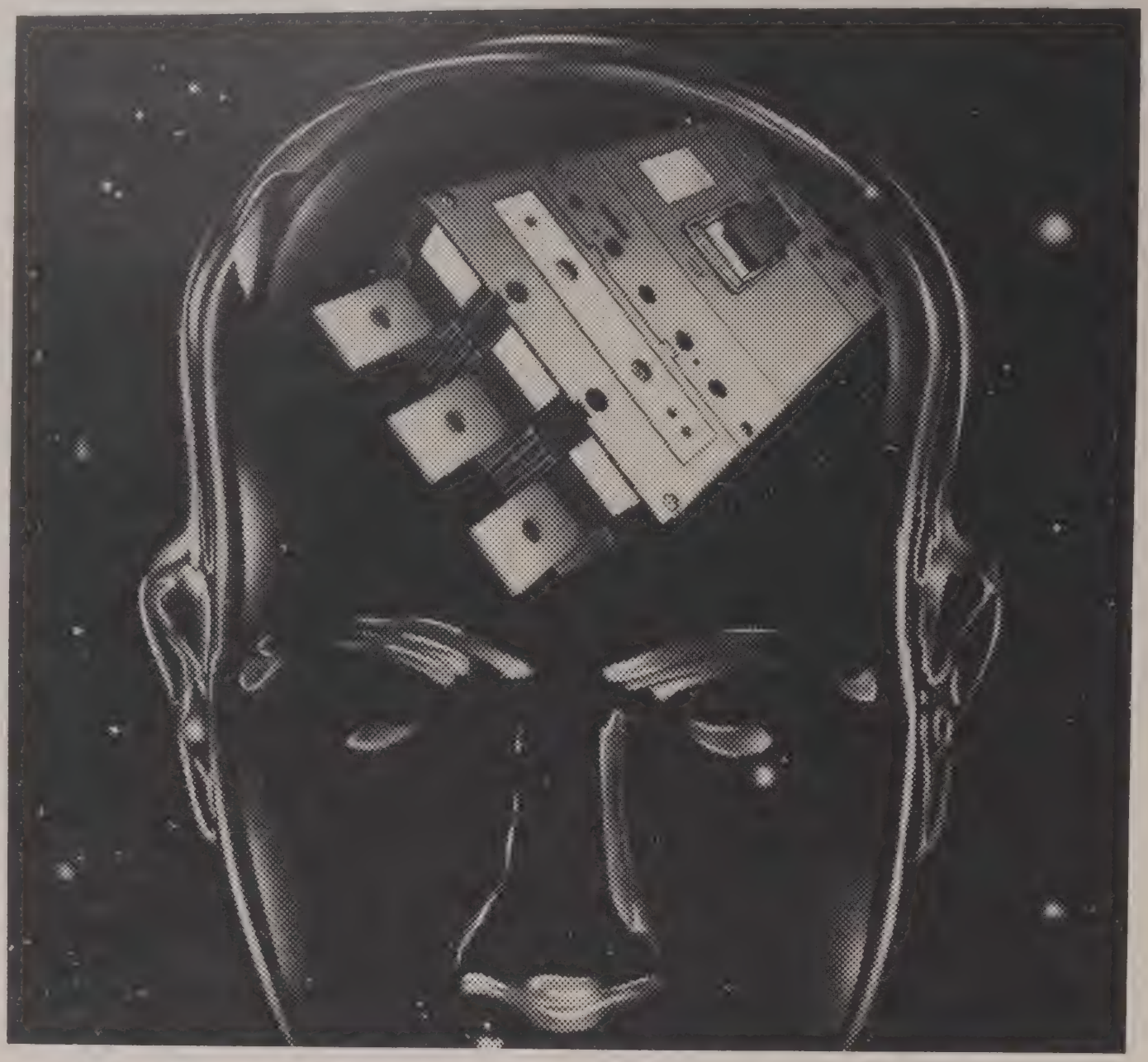
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Rebuilding confidence



HIR MULJI

The government's new economic policy has so far received a splendid reception from the markets; but if the finance minister is to succeed he must keep going with economic reforms. Above all his danger area is foreign exchange and the IMF loan will not solve the problem. He must make sure that he gains the confidence of businessmen both at home and abroad. I know how I myself would do this if I were Manmohan Singh.

As a first step, I would get rid of every single enforcement agency under the finance ministry's control. There are several reasons for doing so, but by far the most important of these is that you cannot use the weapons of a police state for running an open economy; and let there be no doubt that that is precisely what these agencies are. It is no coincidence that exchange control of the kind we are experiencing was first introduced by Dr. Schacht in Nazi Germany; this system of detailed interference in the lives of individuals was initiated in the guise of nationalism.

Exciting risks

And it is this aspect of FERA that frightens off foreign investment. Every one knows that running factories in India is not easy, but its challenges are mostly of the kind that entrepreneurs like to take up. If you listen to a Dhirubhai Ambani or a Darbari Seth you will understand that part of the excitement is in taking up the risk of organising a business in the difficult conditions that prevail in poorer countries.

But, while businessmen may take up the task of difficult industrial problems, no one is interested in tangling with India's complicated economic bureaucracy. And that is what FERA is all about. Apart from the endless number of permits that are required for even the simplest foreign exchange transactions, there is always the possibility that in making orderly arrangements for your business, you may have infringed some rule or other and consequently may find yourself promptly taken to task.

The trouble is that when it comes to punishing those who may have broken some minor rule under FERA, the authorities lose all sense of proportion. The excitement of publicity — particularly if a big businessman or a multi national corporation is involved — overwhelms the politics of the country. Both socialism and nationalism rear their animated heads in a chorus of media blitz. Having satisfactorily humiliated the poor soul that has been caught, the country returns to its normal interplay between businessmen and bureaucrats.

Now after a fashion resident Indians understand this game. But those who have left this environment behind are not eager to step back into this Orwellian mess. For the ordinary non-resident investor, the notion that he has to seek permission to invest his own money in shares or equity, that if he violates any rule of FERA he can be sent to prison or suffer a penalty of seven times the amount of money involved and so on and so forth is just too frightening to contemplate.

In bad taste

Of course one can explain to them that these rules seldom bite, that in practice the authorities are much more relaxed towards non-residents than towards residents, but sadly no one believes all that. The occasional taste of Indian customs officials, or the daily news of the number of raids carried out is quite enough to put off all too many potential investors. If India were the only country in the world that one could invest in, no doubt every one would be queuing at the Gateway of India, but, as a potential investor once told me, "you know there are easier and nicer ways of making money than all this".

When it comes to punishing those who may have broken some minor rule under FERA, the authorities lose all sense of proportion. The excitement of publicity overwhelms the politics of the country

But it is not just the police aspect of enforcement agencies that should worry Manmohan Singh. He is above all an economist, and it was the distinguished economist Al Harberger who always used to tell his class that he thought of an economy as a beautiful, wilful, mysterious woman. He could never really understand her, every time he looked into her face he saw something new that had missed in the past. For him the fascination was to coax and persuade this enchanting creature to bend to his wishes. He thought that those who believed in the controlled economy felt somewhat differently. They were like those who took the whip and forced submission out of their mate.

Now, in his budget speech, the finance minister emphasised the need for domestic harmony. He would not obtain it at home by enforcing submission; he will not achieve it with his other spouse, the economy, if he relies on the whips and ropes of enforcement agencies.

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THE RELIANCE GROUP

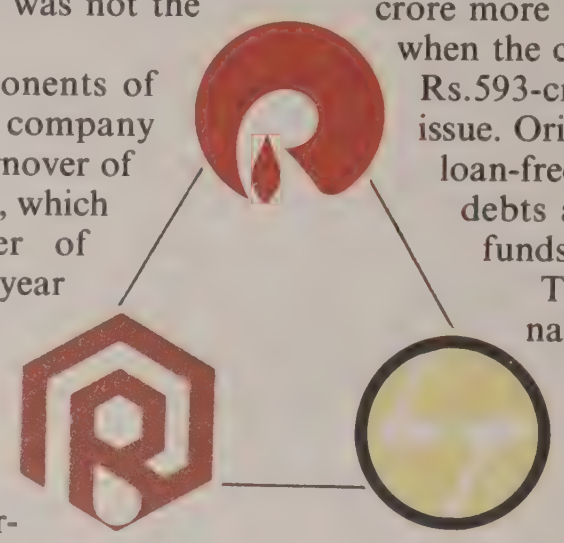
Rolling agai

They were once the toast of the corporate world. Nothing they did coul be wrong it seemed. Mega projects. Mega growth. Mega profits. Mega issues. They introduced the Indian corporate world to these phrases. Th suddenly, they were forced out in the cold by the politics of their own creation. But now, the Ambani juggernaut is rearing its head again. L&T mind-boggling merger, et al

Until yesterday, their fortunes seemed inextricably linked with regaining control of Larsen & Toubro. They were fighting a battle for it, in a style unique to the Ambanis — in Parliament, in the bureaucracy, in the boardroom, in the stock-markets, and on the streets. People were looking forward to "corporate democracy" being put to test at the company's extra-ordinary general meeting (EGM) on 26 August in Bombay. That was until yesterday.

But, in the boardroom of Reliance Industries, chairman Dhirubhai Ambani, unwilling to wait for the outcome of the EGM, was unveiling another grand stratagem — the merger of Reliance Petrochemicals Ltd (RPL) with parent Reliance Industries (RIL). L&T was not the end of the Ambani 'vision'!

Consider the prime components of Ambani's new plan: RIL, a company moving rapidly towards a turnover of Rs.3,000 crore a year; and RPL, which expects to log a turnover of Rs.1,000 crore in its very first year of operations, 1992-93. You merge them and what do you get? Yet another Dhirubhai dream — the largest company in the land. A petrochemical giant of international proportions.



The Ambanis were unavailable for a detailed interview before *Business India* went to press; but Anil Ambani did indicate that the major proposal was discussed in detail with the people and financial institutions who matter. The first public statement will in all likelihood be made at RPL's annual general meeting on 29 August at Hazira.

On the face of it, the resolutions being moved by the Ambanis at the AGM are straightforward — early conversion of the 'B' and 'C' parts of RPL's convertible debentures amountin Rs.563 crore at a premium to be decided l issue of fresh equity worth Rs.50 crore fo and conversion to equity of an unsecured of Rs.50 crore given by RIL, the last two bei par. If the shareholders adopt them, RPL's eq will in one stroke increase nine-fold to Rs crore, over three times the equity of TISCO, s the largest in the Indian private sector. This give RPL borrowing capacity of over Rs.1 crore, the kind of money its projects need ba

That is probably the management's imm ate goal: raise the equity so that financial i tutions clear the loans. And that has to be d fast because the latest estimates put the cos RPL projects at Rs.1,700 crore, about Rs.1 crore more than that announced in 1 when the company went public with Rs.593-crore convertible debent issue. Originally, planned as a virtu loan-free project, it is now neck dee debts and struggling to raise m funds.

The Ambanis have their ex nation: "We had to go it alone projects planned in the j sector and we had to crease capacities of other conform with the minim economic size (MES) sti lated by the government for trochemicals." They have a point. Under agreement, the Gujarat Industrial Investm Corporation and the Indian Petrochemic Corporation Ltd were to share the cost of ethylene handling jetty on the river Tapi; als 60-mw captive power plant was to be set up a common industrial facility for the region. I lays on its part forced RPL to go it alone on th projects, which cost together Rs.280 crore.

Also, the MES announced by the governm in 1989 for different industries, prompted

"I assure you corporate democracy will be restored soon (in L&T)."

— Dhirubhai Ambani speaking at the re-convened sixteenth annual general meeting of RIL on 13 November 1990



Pankaj Desai

The Ambanis: L&T was not the end of their 'vision'





Ambanis to increase the capacities they had decided on earlier. Thus, MEG capacity was increased from 60,000 to 100,000 tonnes per annum (tpa) and that of HDPE from 50,000 to 160,000 tpa.

There are other reasons too, like the devaluation of the rupee and delays in implementation. As per the Ambanis' original plan, the project was to have become fully operational within 24 months of the company's public issue in September 1988. But, of the three plants, only the MEG plant has been commissioned, and recently at that. The other two — for HDPE and PVC — will go into production only in a year's time according to Reliance's own estimates. This means that the total delay will be as much as two years over the original schedule.

The Ambanis are not revealing what contributed how much to the huge cost escalation. Information about the means of financing these cost overruns is also difficult to come by. Even the usual sources for media persons, the financial institutions, are tight-lipped about it.

However, a break-up of the latest cost estimates was provided by independent industry analysts who have been observing Reliance closely for years. It shows that direct foreign exchange and rupee loans have risen from Rs.84 crore to Rs.251 crore, and nil to Rs.428 crore, respectively (*see table*). The lead institution to the Reliance group, the Industrial Credit and Investment Corporation of India (ICICI), has already sanctioned most of the company's requirements, though disbursement of a portion will have to wait until the company's equi increased.

RPL financing plans *(Rs. crore)*

Means of financing	Aug '88	Dec '90	Aug '91
Equity from RIL	50	58	58
Foreign exchange loans	84	251	251
Convertible debentures	516	593	593
Unsecured interest-free loans from RIL	50	100	100
Loans from FIs	—	218	428
Leasing	—	100	122
Deferred payment guarantee facility	—	—	35
Cash accruals with company	—	—	80
Total	**700**	**1,320**	**1,667**

Reliance spokesmen are mainta that the RPL project is still viable own, despite the higher cost. They q report made by a committee, set up ICICI to examine RPL's viability. The mittee included S. Ganguly, managi rector of Haldia Petrochemicals, S Marathe, former chairman of the and K. Krishnan, executive direct IPCL. The report said that the projects "more viable than ever".

Other independent analysts also that way. The cost overrun notwiths ing, the twin facts that demand fo trochemicals is increasing apace, and all the competitors' projects are far complete — be it SM Dyechem's MEG ject or Finolex Pipes' PVC project — ensure that RPL's projects hold the ed

The main competition for RPL will from the public sector IPCL, whose old depreciated plants allow it to pric products lower. At a meeting of pl processors, some time ago, Anil Am admitted that "our manufacturing are higher than that of IPCL". But, the demand and higher cost of impo



The RIL plant: will shareholders get a new deal with the merger?

ducts will ensure that RPL does not go hout business.

gainst a current annual demand of ,000 tonnes of PVC, production in the ntry is only 120,000 tonnes. RPL, with a acity of 100,000 tonnes, can bridge the . Agreed that other projects are com- up, but demand is also increasing. ilarly, there is only one manufacturer HDPE in the country, ie, Polyolefin In- tries Ltd, with a capacity of 40,000 nes a year. Current demand itself is in excess of 160,000 tonnes a year.

Which brings us back to the question he merger. Why have that now, when nscious decision was taken at the time etting up RPL to keep it separate? Who s it benefit, RIL, RPL or the Ambanis? at happens to the shareholders? The wers at this point are available only ough analysis and independent rces.



Madhav Reddy

The RPL pipeline: no longer necessary to funnel funds from RIL?

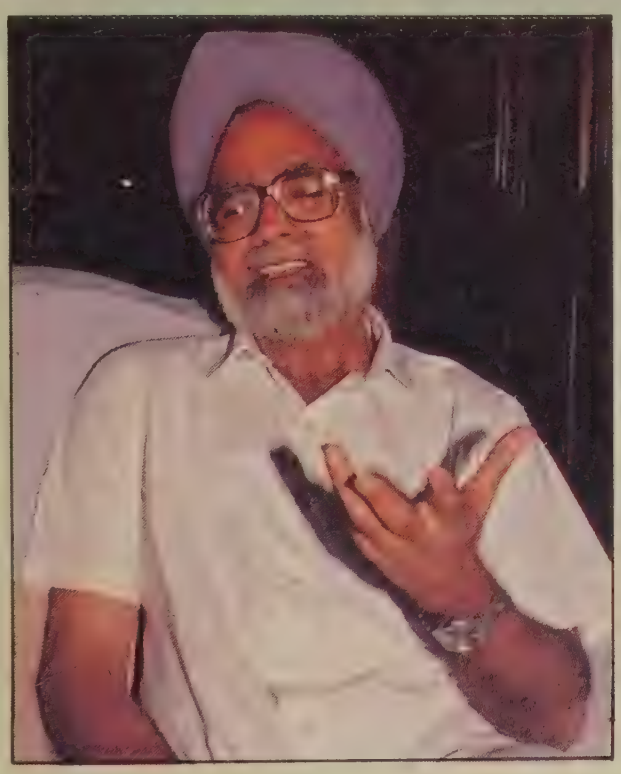
The influence game

Unlike in the past, observers say, this time around, the Ambanis are embarking upon two major tasks without being actually sure of where they stand with the government in New Delhi. Even though the Congress-I, a party known to be close to them, is in power, things are not so easy for Reliance.

Pranab Mukherjee, their close friend from the past, did not even make it into the ministry and Manmohan Singh, though not known to harbour any antipathy towards the group, is described as one who doesn't take sides. In fact, it is not to the Ambani's advantage that atleast two senior ministers in the union cabinet, Sharad Pawar and Madhavrao Scindia, have been very close friends of their arch rival, Nusli Wadia, for many years.

Sympathetic ears. Also, this time, there do not seem to be any bureaucrats who are openly friendly with the Ambanis. In the past names like Nitish Sengupta (then revenue secretary) and H.K. Khan (then petrochemicals secretary) were openly mentioned among those who had a sympathetic ear for Reliance.

This does not mean that the group has no friends in New Delhi. Over the years, the Ambanis have, through their public relations and liaison network in Delhi, cultivated and finally



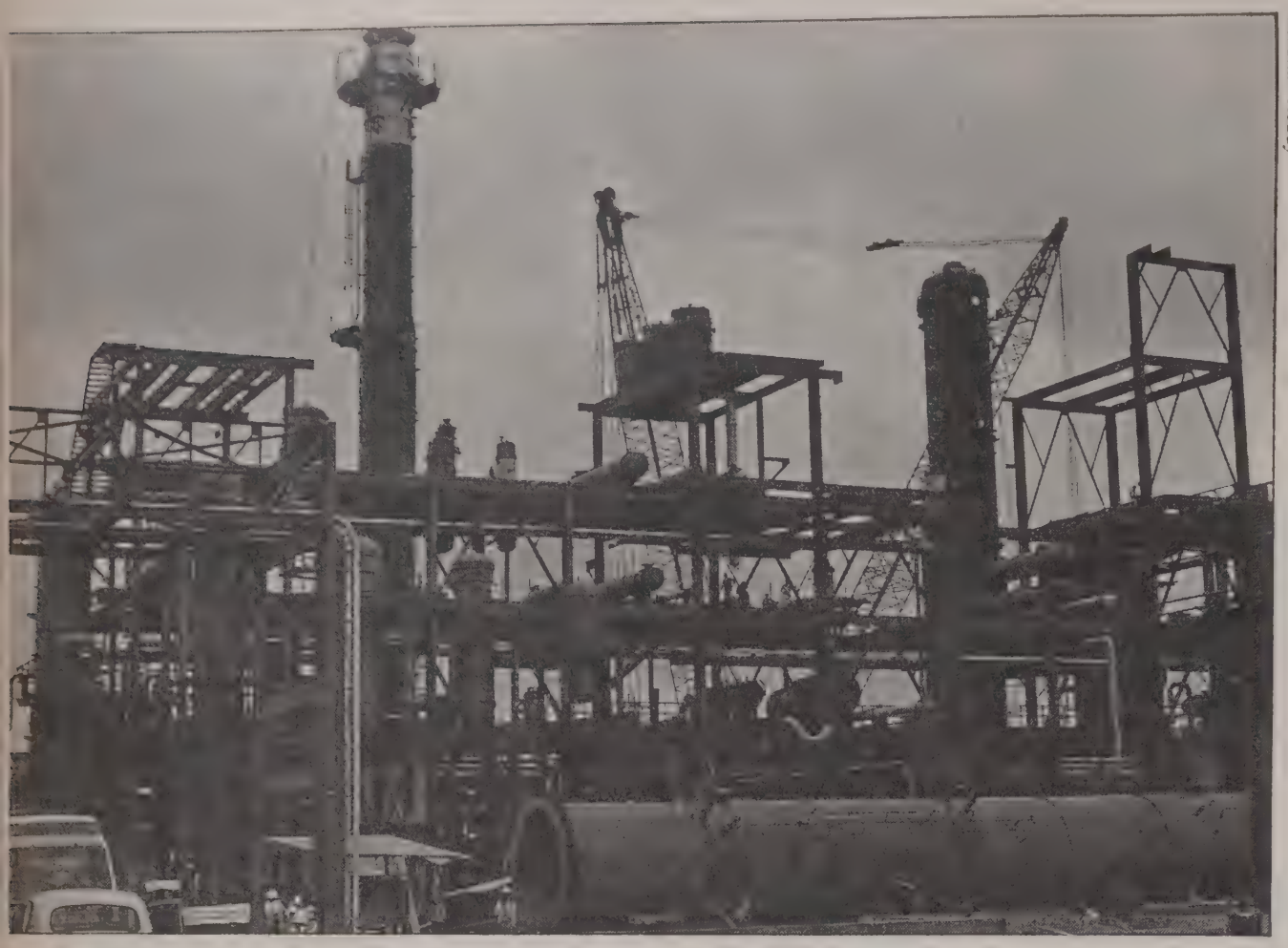
convinced several senior and influential corporate bureaucrats to join hands with Reliance. And, today, the PR network is now much stronger in the capital than ever before. While in the past the Ambanis had only one lobbyist in Delhi, now they have in their employ people like Tony Jesudasan, who is vice-president for corporate communications at RIL, and R.K. Mishra and B.N. Uniyal, at their newspaper, *Business and Political Observer*. All three, as well as others, are known to have extensive contacts among New Delhi's politicians.

However, despite the high profile public relations, times are such that no bureaucrat will openly come out or do something which is perceived to be blatantly pro-Ambani. In fact, with licensing stopped in many categories of industries and liberalisation in several areas, sources suggest that Manmohan Singh might leave the decision, of whether the Ambanis should enter L&T or not, to the financial institutions.

The PMO's bidding. Manmohan Singh, though neutral, is also known to do the bidding of the prime minister's office (PMO). That is clearly indicated by the manner in which he announced the Rajiv Gandhi trust, funded out of public money, in this year's budget. This means that if the powers-that-be in the PMO, or the PM himself for that matter, were to instruct the finance minister to have the FIs throw their lot in with the Ambanis, then Singh would do so.

In the past, though, Narasimha Rao has maintained a neutral stand about the Ambanis. In fact, in the various positions he has held, he is not known to have formally come in contact with them. But then there is the Chandraswamy factor. The godman is friendly with the Ambanis and also wields considerable clout with Rao. Whether Chandraswamy will intervene in favour of the Ambanis, one does not know. And even if he does, will Rao cave in? These are the ponderables for the time being.

■ KINGSHUK NAG



Madhav Reddy

RPL: facing the prospect of servicing a Rs.750-crore equity burden

There was much debate in late 1988 about why RPL was set up as a separate company by the Ambanis and not as a division of RIL. Apart from the need to avoid complications with the then prevailing MRTP and licensing restrictions, there were other compelling reasons for setting up RPL separately. For one, the Ambanis did not want to put all their eggs in one ket, especially when RIL was not fa well that year. Then again, for the three crucial years, when RPL would main a 66-per-cent subsidiary, it woul easy to funnel funds from the pa company.

In any case, the institutions wante equity-based project. That tied in with the fact that the stockmarkets v down at the time and investors were lo ing for something new after the fiasc the 1985 boom. RPL gave them that loan-free company, a mega issue and dictions of a 750 per cent return.

But that was not to be. Instead, RI today facing the prospect of having bear the burden of servicing a Rs.7 crore equity. This will require, after the cost escalations are taken into count, a post-tax profit of at least Rs. crore to pay even a 10-per-cent divide That may well be manageable, since interest burden of Rs.70 crore on conv ible debentures will not be there. then, there is a better option now merger.

In sheer numbers, the benefits of su an action far outweigh the argume against it. Most importantly, there will a reduction in RPL equity to managea

Back to the future - II

Stymied by a government unfavourable to it until recently, it is growth time again for the Reliance group. On top of the Ambanis' minds right now, of course, are the twin blockbusters of a return of L&T to their fold and the merger of RPL with parent RIL. Simultaneously, in a quieter manner, plans are being drawn to make Reliance a Rs.10,000-crore group by 1995. A tall order, for a group whose turnover in 1990-91 was only a fifth of that.

There will be acquisitions, but the focus will be on Reliance Europe, the group's conduit to the world. "That is the company to watch out for," says a senior Citibank executive. Massive export plans have been drawn up by the Reliance management to not only export products from its own "world-scale projects" but also by other manufacturers in the same product line, just as the Japanese do. It has set itself a target of Rs.400 to 500 crore in exports by 1995. But, what can Reliance export that is competitive in the international markets?

Canalising exports. Polyester filament yarn, polyester staple fibre, fabrics and even projects from L&T are in the plan. Reliance Europe will "canalise" exports of all these products and many more over the next few years. To do this it has hired Mathew Panicker, formerly with Unilever, and is planning to recruit executives in several European countries.

Reliance's export plans are directly linked with its plans to acquire other companies here at home. First among them will be PSF manufacturers Orissa Synthetics and ICI's Thane unit. Though the domestic market is bad for PSF, with most plants running at 50 per cent of their capacity, export prices are good. Acquisition of these two units will give Reliance control over 65 to 70 per cent of the industry's 250,000-tonnes-a-year production capacity (RIL's capacity: 100,000 tonnes).

Where it cannot acquire or create larger capacities, as in PFY, an industry doing very well, Reliance can act as the conduit. Even if this product is priced low for exports, the resulting shortage in the Indian market will push up prices and compensate the losses another banker says.

While strengthening its trading arm Reliance is not ignoring its financ arm. Reliance Capital Finance Trus Ltd (RCFT), which went public last year is planning to make a rights issue in the ratio of six shares for every one held On the present Rs.25 crore, it wil mean an addition of Rs.150 crore to the equity. Under the 10:1 debt to equity norm permitted to leasing and finance companies, this will give RCFT a borrowing capacity of Rs.1,750 crore With its mega growth plans, Reliance would know how best to utilise this money.

Other acquisitions are also in the pipeline. Sources say the Ambanis have not lost interest in Bombay Suburban Electricity Services Ltd (BSES). They are said to have subscribed to the rights convertible debenture issue of BSES in a big way and increased their stake from the earlier 9 or 10 per cent (though Ambani men claim it was 18 per cent earlier). With the 500 mw Dahanu power project cleared, among the first in the private sector under the

els. Available information suggests t the Ambanis are considering a 6:1 or conversion of RPL shares to RIL shares. ectively, the Rs.750-crore RPL equity be reduced to Rs.125 crore additional equity. Against this, corporate ansts say RIL will get a depreciation benef around Rs.560 crore in the first year, 333 crore in the second, and Rs.212 re in the third year.

The high depreciation levels would give merged company an income tax shield to 1997. Also, the merger will ensure a huge net worth. This gives it enorus borrowing capacity and, under an eement with the Gujarat government, would be able to collect sales tax upto per cent of the value of its assets but pay it to the government for 14 years.

Would the RPL shareholders get value for money at the planned conversion? On 14 August, RIL and RPL's 10 shares closed at Rs.180 and Rs.27, pectively, on the Bombay Stock Exnge. "Therefore," says a senior ker, "that's not too bad (a conver-n), considering that the RPL projects are to go on stream." But the bonanza exted, which pushed part 'C' of the RPL vertible debentures up, may not come.

There are other reasons pushing the merger. Marketmen feel that RPL, which has drawn to its limit of 1.5:1 debt to equity norm, will go down under the slightest of pressures. The Rs.900 crore-plus reserves of RIL and its enormous borrowing capacity can bail RPL out, if needed. Moreover, in the merged company, the debt to equity ratio will not exceed 1.1:1, giving the Ambanis sufficient leeway to borrow for future projects.

In the absence of cash flow projections for the two companies, everything looks hunky dory. But the Ambanis are not giving that, and analysts are not attempting to find out for fear of misjudging "hidden capacites" in the RIL and RPL plants.

Amidst "only Dhirubhai can think of this" sighs from supporters, the Ambanis, on a high as they are now, are steering clear of the idea that there might be opposition to their grand plans. With the MRTP Act out of the way, and their legendary political clout back in action, the only force which can check their designs is the shareholders, *a la* L&T.

One criticism that is bound to come up is that the RIL shareholders will be getting a raw deal; after all a company of as yet unproven capability, and which has huge debts, is being merged with a profitable one. And if things don't really work out, RPL could prove to be a millstone around RIL's neck. Reliance, some analysts say, can deflect this criticism by offering shareholders who want out an open cash option.

But many more such questions are bound to be raised by the shareholders. And the L&T EGM is what people are waiting for, because that is going to set the trend for the next meeting - the RPL AGM.

Reliance officials still cringe at the mention of L&T; and must be on tenterhooks about the outcome of the forthcoming EGM. Informal meetings with some of them revealed that institutions, whose mood will determine the result, are playing their cards close to their chests. In effect, if the government says *nyet*, the Ambanis will lose out.

As of now, the winds are in their favour, but as Ambani men say, "Even if the institutions vote against us, we will have made a point by displaying a support base larger than their 40 per cent holding." Therefore, RIL subsidiary Trishna, which holds the 24-per-cent Ambani stake in L&T, is on a massive proxy collection drive. An army of over 200 persons has been deployed in Bombay city alone. An introductory letter in hand, they are knocking at the doors of every L&T shareholder; and each of these canvassers are picking up Rs.75 for collecting six proxies a day.



An L&T construction: conservative efficiency

ernment's revised policy, BSES is ng to be a major force in the coun-s power sector.

eap acquisition. Last, but not the t, is the presence of Reliance in the ernment shortlist for managing ndia Shipping. Acquisition of this eagured company may not make iness sense, but where else can a big up with such export plans get a t of 13 ships so cheap. It has aldy made an entry into shipping by uiring three cryogenic vessels for nsporting ethylene to its Hazira nt. Moreover, the Shipping Credit Investment Company of India , Scindia's government appointed naging agency, has already indid that a "non-shipping company manage Scindia". Others in the rtlist are Great Eastern Shipping Essar Shipping.

all this comes to fruition, the aldy huge Ambani empire is going to uire monolithic proportions in a years. The Citibank executive s, "Check out the Ambanis in 5."

■ MADHAV REDDY

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L&T: keeping Reliance on tenterhooks till the 26 August EGM

What will the Ambanis do with their huge stake in L&T if the battle is lost despite these efforts? "They will probably hive it off to one of those large multinationals standing in the queue, waiting for an opportunity to enter India," says an institutional source. Names like Mannesman Demag of Germany, Mitsubishi of Japan and Du Pont of the US are said to have evinced interest in L&T. What better way to enter the country can there be than through L&T, which bankers and managers alike rate as the most efficiently managed corporate body?

Meanwhile, elder son Mukesh Ambani is waiting. Confident of victory, he has resigned as executive director of RIL to take charge as vice-chairman and managing director of L&T. His plans for the company are not known but his father's dreams are: to blend his adventurous entrepreneurial spirit with L&T's conservative efficiency and competitiveness and take it global, on a massive scale.

And why not? Over 50 refineries the world over are coming up for replacement in the next few years and L&T, being one of the few companies with the technology for doing the job, can get a slice of this cake. Dhirubhai even took the risk of letting L&T get the contract for setting up the Reliance gas cracker at Hazira. However, his demand for a supplier's credit of Rs.635 crore led to another imbroglio. But that is another story; one which is probably the most written about one in recent times.

The immediate question, if the Ambanis win, is what will they do with the Rs.820 crore of convertible debenture funds lying with L&T since RIL has already refused the supplier's credit. The c pany's present plans, drawn up u D.N. Ghosh's chairmanship, are b on a sharply reduced volume of fund bulk of the Rs.640 crore under this was to go to cement and shipp Whether they will proceed according this plan, only the Ambanis can Meanwhile, one can only speculate.

The next question, also of crucial portance, is whether the Ambanis will fil the requirements of Clause 40 of listing agreement with the BSE. To do t they will have to make a public offe acquire shares of any shareholder w wants to opt out. And therein lies a ca because acquiring L&T shares will req no small sum of money. Assuming a p of even Rs.150 for an L&T share (curr price Rs.180), the market value of its tire stock will be in excess of Rs.3,(crore. Since Ambanis already hol quarter of it, they require another 25 cent to attain majority. That will c them at least Rs.750 or 800 crore. Will Ambanis make the offer, then? Man Davar and the *Indian Express* are b upon proving that the Ambanis will do such thing. That will be seen after August.

In fact, a result in their favour mi even prompt the Ambanis to defer the cision to merge RIL and RPL. Markets abuzz with rumours that they are pl ning to merge all three — RIL, RPL and L — at a later date. That may sound f fetched now, but knowing the Amba penchant for springing surprises, it co well happen. And if it does, Dhirub will have his Fortune 500 company.

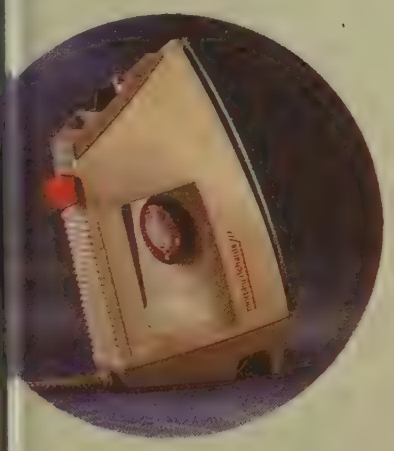
■ MADHAV RED

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1 A committee invariably deliberates for 216 working hours to decide on the festive gift. No matter the length of deliberations, the gift is always thermoware.

2 If a company has been giving flasks for the past 28 years, it will continue to do so for the next 28 years.

3 The probability of the marketing manager dining out with his family increases with the number of servettes he gets.



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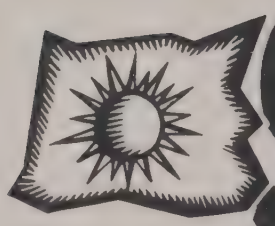
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REE DIGVIJAY CEMENT

Down but not out

is huge family-run company is in deep trouble and only a sensible act by promoters can save it

had to happen some day. The four-ear-long infighting in the Bangur fam-y is taking its toll in their group com-ies. The Rs.223-crore Shree Digvijay nent, once a flagship of this Calcutta-ed family and a blue chip company till early eighties is on its death-bed. The ird for Industrial and Financial Re-struction has given its final verdict; company, one of the oldest cement nufacturers in the country, is beyond ation. Last month it ordered the com-y to wind up its operations.

n five years since 1986, Digvijay nent made a total loss of Rs.41 crore. er adjusting the earlier surplus, accu-ated losses stood at Rs.29 crore at the of March 1991. Thus, its Rs.3.74 e share capital has been wiped out rly eight times over. The company has a huge liability of Rs.80 crore by way of borrowed funds.

Digvijay Cement went to the BIFR early last year and submitted a rehabilitation package of Rs.51.68 crore of which promoters Bangurs agreed to chip in Rs.10.36 crore. The rest was proposed to come in by way of interest-free excise loans from the central government (Rs.12 crore), sale of assets (Rs.6.5 crore), deferment of loans (Rs.11 crore) and fresh loans from institutions and banks (Rs.5 crore). But the financial institutions and banks opposed the package. They refused to give fresh loans and were also against deferring the repayment of current loans.

The company also claims that its new cement plant at Sikka in Gujarat is eligible for exemption from the 14 per cent sales tax payment to the state government. According to the company, the total benefit would work out to Rs.50 crore. And the company's claim, till 1990-91, is Rs.24 crore. The state government, however, refused the benefit on the ground that its new plant is actually a modernisation of the part of the old one at the same site. Subsequently, the company moved the High Court against the state government about a year ago. The matter is still *sub judice*. The company, however, has kept aside the sales tax benefits claimed, Rs.24 crore so far. Even if it looses the case, it will not have to scramble for this money.

Clearly, no one wants to do any favours for Digvijay Cement. In view of this, the BIFR in its meeting on 10 July 1991, asked Digvijay Cement to sell off its large investments in four large group companies and bring in Rs.63 crore (*see table* giving current market price of holdings). But K.K. Bangur, director of the company, flatly refused to comply with BIFR's request. Bangur maintained that disinvesting would mean that the family would lose its controlling power on these companies. Moreover, Digvijay Cement will have to pay Rs.10 crore as capital gains tax.

So the BIFR ultimately concluded that the promoter's unwillingness to encash the company's investments "makes the entire arrangement devoid of an equitable sharing of sacrifices between banks/FIs and other agencies. Accordingly, under the given set of circumstances the Bench has come to the *prima facie* conclusion that the company has to be wound up".

The rituals are over. But what happens to the hundreds of small share holders of the company? Asks a loyal shareholder of Digvijay Cement, "Who cares for us anyway?" Not the promoters possibly. The company started its first plant way back in 1949 at Sikka in Gujarat for making cement. In 1962, it set up another plant for asbestos cement products in Ahmedabad. Till 1982, the company's operations were highly profitable as cement was in



ijay's cement plant: profits buried by otner divisions' losses

short supply. But next year, despite strong objections from shareholders, the Bangurs merged a loss-making family company, Hastings Mills Ltd, with Digvijay Cement. The jute mill, synthetic fabrics and coir and felt division of Hastings Mills and its subsidiary Fort William were all losing money at the time of the merger. Even today, except the coir and felt division, which contributed only 5 per cent to the company's turnover (Rs.179 crore) in 1989-90, other divisions continue to make losses. Says a senior official of IDBI, "The company is paying heavily for the promoters' blunder of merging with a sick company." These units also have major labour problems with frequent strikes and lockouts as they employ nearly 5,000 workers of the total 8,000.

Meanwhile, the shortage of cement dissapeared with many new units coming up. Older units like Digvijay Cement who earlier never had to "sell" their cement suddenly found that the newcomers were far more aggressive sellers.

Digvijay Cement also took a severe beating in the hands of a new cement unit in their state — Gujarat Ambuja Cement. Armed with a sales tax exemption and lower cost of production from a modern plant, the latter sold its cement at Rs.2 to 5 per kg lower than the others and captured the market. Finally, in 1985, Digvijay Cement too modernised a part of its old wet process cement plant with a 665,000-tonne dry process plant. But it was too late and the company went into the red in 1986.

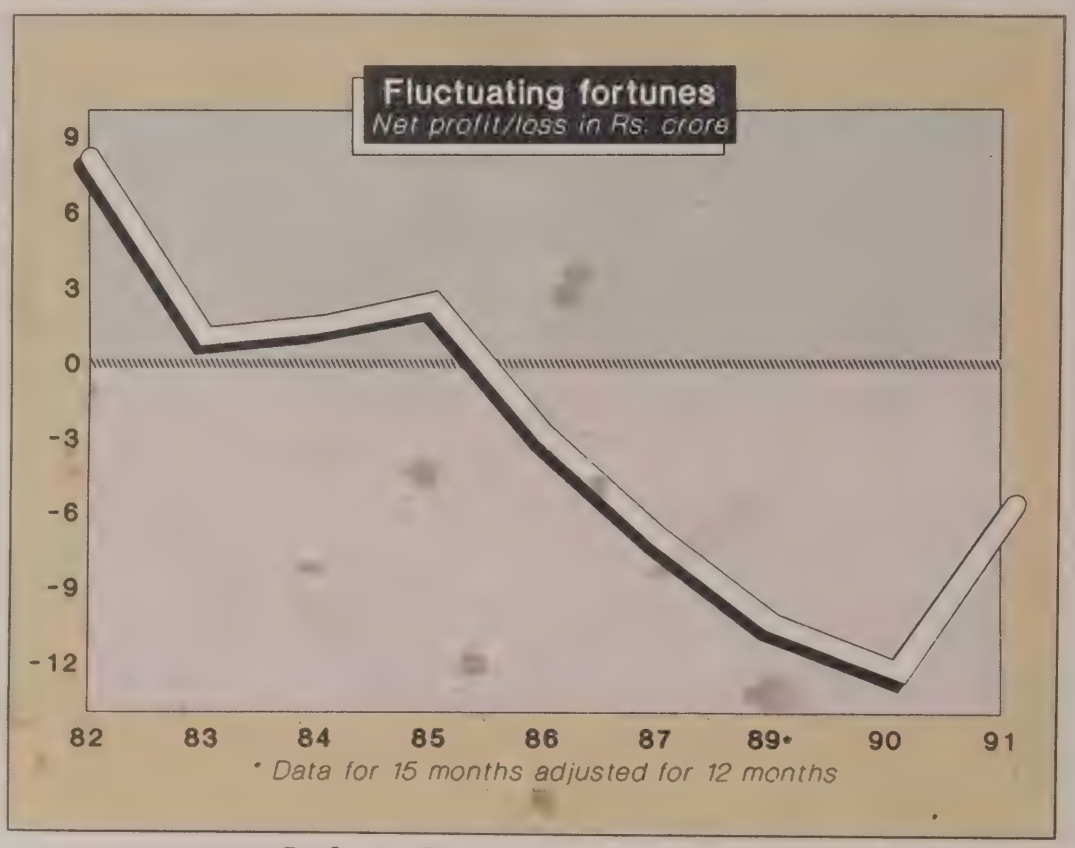
At present, half the company's cement capacity (1.35 million tonnes) in Gujarat is closed because it still uses the old wet process. The asbestos plant at Ahmedabad has recently started showing profits after many years of losses. The synthetic fabrics plant at Konnagar in West Bengal is closed since 1986 and the cement grinding unit in Sewri, Bombay is closed since 1985. The jute mill in Rishra in West Bengal is operating but losing money while the coir mill at Konnagar, also in West Bengal, is making profits.

On the whole, after the cement market firmed up, the cement division made profits last year and also the coir division. But the rest lost so much that the gains were more than offset. The company thus ended up with a net loss of Rs.12 crore in 1989-90.

Unfortunately, the BIFR was forced to give the winding up order at a time when Digvijay Cement's workings are showing definite signs of improvement. As per the unaudited figures for the year ended March 1991, the company's turnover at Rs.223 crore was 22 per cent higher than the previous year's and net loss has more than halved to Rs.5.74 crore. In fact, after many years the company made a gross profit of Rs.60 lakh in 1990-91. Sources close to the company maintain that with the cement plant operating at 120 per cent capacity, the current year's (1991-92) profits will be even higher and the company will substantially wipe off its past losses.

"In two years Digvijay Cement should be out of the red," says the same source. The stock market also reflects this optimism as the price of its Rs.100 equity share has jumped up to Rs.1,200 from Rs.300 two months ago. (There are, however, unconfirmed reports that large purchases by the Bangurs themselves have led to flare up in its share price.)

All these may sound very sweet to shareholders' ears. But will Digvijay Cement be able to pay off its huge liabilities? Financial institutions and banks which lent Rs.80 crore to the company do not think so. "Already some of the loans have been rescheduled more than once. We cannot wait indefinitely to get our money back," says the senior IDBI official quoted earlier. This is precisely the reason why BIFR asked the Bangurs to settle liabilities by selling their investments the Bangurs are reluctant to lose control and moreover, Digvijay Cement or B.D. Bangur who controls the company cannot possibly sell these shares ther. After a four-year-long squabble family is reported to have reached a tlement to split its group assets. According to the understanding reached, Paper goes to Laximiniwas Bangur, Coast Paper goes to Shree Kumar Shree Cement to Benugopal.



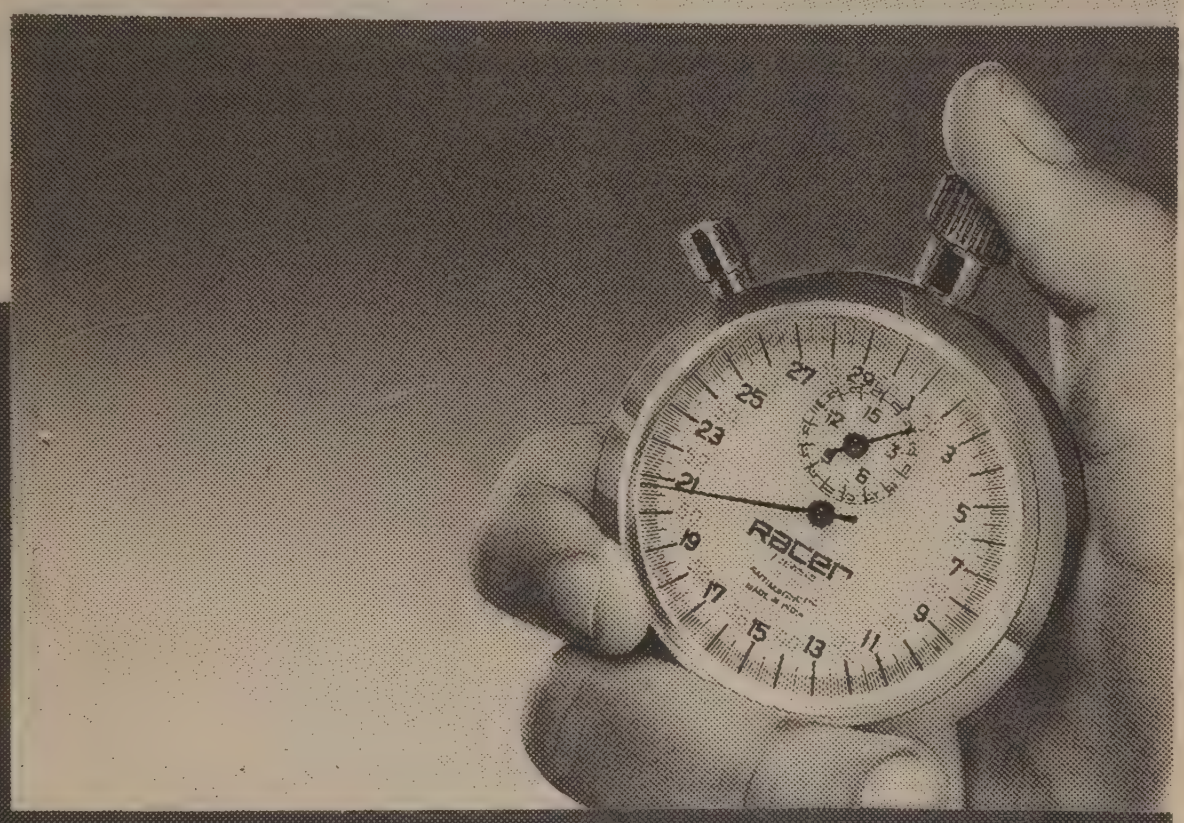
That's not all. Digvijay Cement itself is being split into three parts. The asbestos cement and synthetic fabrics division goes to Shree Niwas, half of the cement and jute plants go to Shree Kumar and the other half of the cement and jute mills remain with Balbhadra Das , the present chairman of Digvijay Cement. "Frankly, it is totally confusing," says one of the directors of the company privately. "How can one split a cement or a jute plant? It is like dividing a cow into two," he adds.

The Bangurs seem to have other plans. They have already appealed in the Appealate Authority in the BIFR against the Bench's order. They insisted in their appeal that the company could be revived without selling the holdings in the other companies. But the pertinent question here is how can the Bangurs hold on to their controls with the public money borrowed from banks and what does the holding company gain from such holdings? The investment is not getting Digvijay Cement any worthwile returns. On Rs.80 crore investment at the rate of 15 per cent, the company should earn at least Rs.12 crore against only Rs.1.03 lakh earned in 1989-90.

The company certainly will have to find answers to these uncomfortable questions in the forthcoming Appealate Authorities hearings. Given the rigid stance taken by the financial institutions and banks it may even have to dilute part of its holdings. If the Bangurs are sincere in saving Digvijay Cement they will have to sacrifice at least that much.

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. THOMAS GROUP

A new thrust

ter maximising yields and consolidating its position in plantation, edible s and exports, the group is now diversifying into other areas

A jit Thomas will not be racing his formula car at the brand new Sriperumbudur race track outside Madras s year. The 37-year-old motor racing husiast says that he will be too busy h the expansion and diversification of various plantation-related companies t come under the grand old Madras-ed A.V. Thomas group, which he now tually runs. Ditto for 33-year-old unger brother Dilip Thomas. A selec-n committee member of the Indian lf Union and the president of the dras Golf Club, he won't be playing ch of competitive golf this year. He l be helping his brother with many of new projects especially in the rubber-ated areas. The new breed is changing profile of this publicity-shy planta-ns conglomerate. Ajit and Dilip omas — the two grandsons of the nder — have more than quadrupled group's turnover to Rs.125 crore in last five years. And now they plan to ther consolidate their position in tea, ber, coffee, spices, agrochemicals, her, edible oil and biotechnology.

The foundations of the group were laid en A.V. Thomas floated the Highland duce Co Ltd in 1925. He bought, im-ved and sold tea, rubber and coffee es-es, acquiring in the process, siderable plantation property. But his reholding in each of the companies he ated was small. J. Thomas, who took r in the early fifties, consolidated the reholding so that the promoter emerged the major shareholder. "Any business undertaking is like a building, its foundation must be strong. Therefore, I had to build up the shareholding," says J. Thomas, now chairman of the group.

At the time of joining the business in the early eighties, Ajit Thomas felt AVT was "too plantation-oriented". Its considerable cash reserve was from its tea garden sales only. "Clearly, it was time to consolidate and push for growth," he felt. J. Thomas had given his sons a free reign. And they brought in a young team to serve as a second line of managers.

The strategy was to maximise yields. The group owned 2,000 hectares of tea, and 2,150 hectares of rubber, besides large interests in coffee, cardamom, pepper and other spices. In its quest for increasing productivity, the group turned to tissue culture on cardamom plants in 1984-85. A pilot plant was set up in Palakkad in Kerala, which, at an investment of Rs.16 lakh, achieved the desired effect. "In terms of yield per hectare, management, etc, AVT's plantation division is among the best in the industry," maintains M.A. Alagappan, who looks after the vast plantation interest of the Madras-based Murugappa group.

Currently, in cardamom, AVT's yields are in the region of 110 kg per hectare against an industry average of 50 kg per hectare. By 1985, AVT had accounted for 19 per cent of India's cardamom exports to emerge as the biggest exporter, a status which it continues to maintain. AVT is among the biggest exporters of pepper too. During 1990-91, it exported 1,422 tonnes of pepper worth Rs.5.08 crore. In tea, its yield of 2,520 kg per hectare compares well with the South India average of 2,060 kg per hectare, while in rubber, at 1,280 kg per hectare, the yield improves on the South India average of 1,070 kg



J. Thomas flanked by Ajit and Dilip: "My sons have learnt the ropes"

per hectare. The coffee yield of 1,280 kg per hectare scores over the industry average of 725 kg.

By 1985, AVT was ready to approach the market directly. "To provide quality at no extra cost and to become internationally competitive was our motto," says



Eapen George. Its Rehana brand cardamom was launched in the Middle East successfully. But, its foray into the domestic market was not so successful. "There was no perceived value-addition for the Indian housewife," explains Ajit Thomas, who still has not given up on this market. "Now AVT is trying to add value since packaging in small quantities alone will not satisfy the buyer," he adds. The add-on products on the agenda are ground spices, pepper and garlic. Pickles, curry powder and iodised salt will also be test marketed shortly.

In 1989, AVT decided to put its tea into consumer packs, in keeping with its policy of direct marketing. Currently, 42 per cent of its produce finds its way into consumer packs. Its AVT Premium is aimed at the small tea shop owners who want to get more cups of tea per pack. The company claims a 19 per cent market share in Kerala and 18 per cent in Tamil Nadu in this niche market in which Brooke Bond's "Three Roses", is the market leader.

"The market in the future is in packet teas and AVT is making the right move," observes Alagappan. AVT has also had considerable success at the tea auctions in CTC teas. During 1990, the tea from its Pasuparai estate was priced at Rs.49.43 per kg — the highest price obtained in the south Indian tea auctions.

Tissue culture is another growth area. Enthused with the success of its inhouse tissue culture venture, a 100 per cent export-oriented unit was set up in the Cochin Export Processing Zone (CEPZ), which was able to register a capacity utilisation of only 20 per cent in the first year. Breakeven point was reached in 1990-91, when the unit registered a turnover of Rs.1.25 crore. During 1991-92, the tissue culture division exported 5 million plants. Exports are slated to touch Rs.2.5 crore by March 1992.

Plants for the export market include lilies, gerberas and foliage plants. According to reports, AVT had a setback in its banana cultures for the domestic market. The market is getting crowded with players like the Bangalore-based Indo-American Seeds and Spic. The Tatas, South India Viscose and the Coimbatore-based Stanes group have also announced their decision to make an entry. "A shake-out is bound to come in the next few years," explains Joseph Thomas, deputy vice-president, Spic, who is in charge of its biotechnology and seeds division.

The group is also planning to enter the domestic and international flower markets. It has tied up with *Vanita* a women's magazine of the Malayala Manorama group to launch an orchid growing experiment in Ernakulam district in Kerala, in August-September 1991. AVT will buy back the orchids to be marketed in the metros. Exports will commence in 1992.



AVT's rubber estate: plans to manufacture rubber wood

The year 1987 heralded AVT's foray into new projects. A public limited company — A.V. Thomas Industrial Products Ltd (AVTIPL) — was floated and its 200 tpd (now increased to 300 tpd) soya bean extraction plant set up in Pandurna, near Nagpur in Madhya Pradesh to produce crude soya oil, a raw material for the vegetable oil industry. The deoiled cake, which constitutes 83 per cent of production, is exported. Set up at a project cost of Rs.5.25 crore, AVTIPL had some teething trouble and reported a net loss of Rs.5 lakh during its first year of operation on a turnover of Rs.6.67 crore in 1987-88. AVTIPL's turnover for 1990-91 is Rs.38.83 crore and net profit, Rs.1.4 crore.

By 1987, AVT had also decided to revamp and run a leather products manufacturing unit in Madras, in which it had invested almost a decade earlier. "AVT currently caters to the middle range of the designer fashion segment," explains Habib Hussain, chief executive of AVTIPL, who also looks after the leather unit. Buy include Pierre Cardin, Ralph Laur Carera and Christian Dior. "The tra tion to the top end is possible if the ri kind of leather is imported," he adds.

Plans include investing in a full-fled tannery. For 1990-91, exports from leather division amounted to Rs.6 cr "The quota has been a limitation growth," explains Hussain who also h dles AVT's garment exports division set around 1984-85. During 1990-91, this vision generated exports of the value Rs.1.5 crore. Buyers included Wo worths, The Gap and nana Republic.

While Ajit Thom handles tea, cardamo the diversificatio (AVTIPL, tissue cultu leather garments) expo and the overall financ of the group, while younger brother Di takes care of rubber, c fee and the agenci division.

Another maj achievement has been t production arrangeme entered into with Bay for formulations li Metacid 50 and Met systox, for which produ tion commenced in Ju 1990. "Pesticide distribution has been part of AVT's business for several decade But this is a step forward," explains Dil Thomas. A defunct unit in Salem, boug over by AVT, serves as a production base

Dilip Thomas's other major venture into the manufacture of rubber wood, f which AVT plans to set up a unit by 199 AVT itself fells 20,000 trees per annum on an average, for replanting. The inves ment of Rs.2.5-3 crore will come from i ternally generated resources. "This woo will have a white cedar finish and will b priced at one third the cost of teak," say Dilip. He also plans to convert a 100 pe cent EOU, set up for the manufacture rubber gloves, into a unit for manufactu ing catheters, condoms, etc.

"My sons have learnt the ropes," say J. Thomas, who confines himself to po icy decisions and guidance of his son "AVT will reach a group turnover Rs.154 crore during 1991-92," predic Ajit. The group certainly has come a lon way, but there are still more exciting pros pects ahead.

■ DHARANI K. PA

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SONA STEERING SYSTEMS

On the right track

Under the guidance of a persevering technocrat, a quality auto ancillary maker is going places

Surinder Kapur, the former managing director of Bharat Gears and the son-in-law of Raunaq Singh, is working hard to build a reputation as an industrialist in his own right. His Rs.26-crore company, Sona Steering Systems Ltd — which is the sole supplier of steering gears to the Maruti Udyog Ltd (MUL) is now all set to diversify into other industry-related areas.

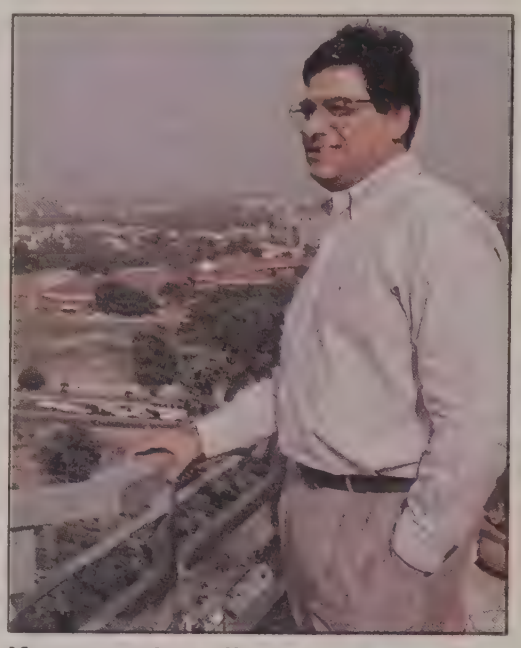
A US trained mechanical engineer, Kapur began working with Bharat Gears in 1971. When the opening up of the automobile sector in the mid-eighties gave a fillip to the autocomponent industry, he set up Sona Steering, in technical collaboration with Koyo Seiko of Japan, one of the largest manufacturers of steering systems in the world, and also roped in Maruti Udyog as a joint venture minority partner. Says R.C. Bhargava, chairman-cum-managing director of MUL, "We agreed on a joint venture because we were very sure of the quality as Koyo were also suppliers to Suzuki." Till then, Maruti was importing its steering systems.



The Sona plant: one of the best managed ancillary units

For 1990-91, Sona Steering chalked up a net profit of Rs.3.28 crore as against Rs.1.81 crore in the previous year. Says Kapur, "Our strict adherence to quality has been our strongest point. But also our association with Maruti has been most profitable for us." And Maruti's promise to be a long-term customer augurs well for Sona Steering.

However, the new export import policy is going to make things tough for the company. Complains Kapur, "Now we have to buy REP licences from the open market which means additional costs. And these costs will have to be passed on to the customers."



Kapur: strict adherence to quality

The import content in Sona steering gears has come down from 44 per cent in the beginning to less than 10 per cent for Maruti cars and vans and 15 per cent for the Gypsy. Yet, "It will be some time before we can become fully indegenised," says senior vice-president, technology, T.K. Pal. For, certain components are not available in India and have to be imported.

Sona Steering began commercial production in March 1987 with an equity base of Rs.4.6 crore (10 per cent held by Maruti, 40 per cent by Kapur and his associates and the rest offered to the public) and an installed capacity of 125,000 steering gears per annum. Says Kapur, "Today capacity utilisation is 80 per cent which is expected to be 95 per cent next year."

Sona caters to 30 per cent of the total steering gears market for light vehicles in the organised sector. Pal sees "ample scope for further development in this market." Last year, Sona supplied 110,000 steering systems. Says Sanjay Bahl, company secretary, "We have no competitors. Our steering systems are in accordance to ou customers' specifications and no one el in India has the same technology." Says spokesman of the Madras-based Ra group which also makes steering system "While Sona caters to the total demand c Maruti, we look after the needs of th other vehicles. We have never met head-o in the market place."

Sona has also bee supplying steering gear to Eicher Motors' Can ter LCVs. DCM Toyot too will now use then for their Dyna vehicles Comments Bhargava "Sona is one of the bes managed ancillary unit and its product quality i also very good."

The company is now diversifying into rea axle assemblies and pro peller shafts. It plans to raise 50 per cent of the project cost of Rs.20 crore from the public by way of partly convertible rights debentures, 30 per cent by way of term loans from financial institutions and the rest by internal accruals. It is seeking technical knowhow from international leaders — Suzuki Auto Parts Manufacturing Co Ltd for carrier differential and Sanko Iron Works Co Ltd for case differential used in rear axle. Recently, it also acquired balancing equipment from Schenck Avery Ltd.

"Koyo has taught us to become an open organisation, and communicate through suggestion meetings and work councils, to improve quality," says Kapur. Every month, he sends his employees to the Maruti service stations for a feedback. He has decided to export steering systems through Koyo to Japan, the target for the first year being Rs.1 crore.

Kapur is keen to get the international quality assurance certificate under the ISO 9000 series, a primary requirement for the EC 1992 market. "By 1994, we should be able to get the certificate," he says. His plans also include making automobile seats. Says he, "We are looking for a niche in this market," and hopes to achieve a Rs.80-crore turnover by 1994.

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INTERADS-D

ERTILISERS

Problems compounded

he seemingly ambitious dual fertiliser pricing policy only serves to expose e government's ineptitude and its contribution to the repeated price hikes

inance minister Manmohan Singh has actually replaced one problem with a bigger one. Moderating the in-ease in fertiliser prices from 40 to 30 per nt was unavoidable. He was persuaded an extent by some of his own partymen d to a greater extent, opposition. But ding another ambitious scheme "to otect fertiliser use by the small and arginal farmers" via a separate scheme direct subsidy is a slovenly step. Even ree days after the scheme was an-unced, the department of fertilisers d not introduced a notification stating e mechanics of its execution.

Besides, all the budget initiatives ad-ess only one end of the problem — iling down the fertiliser subsidy. By shing retail prices up, the selling price d cost price were brought closer but eral other attempts at revenue genera-n will push costs further from the sell-price.

For the industry the message is clear — nust begin to take the first step towards ompletely unregulated market. "But, pping a ceiling on the per tonne sub-y available to the single superphosp-e plants is a serious threat to bility," says Pratap Narayan, director he Fertiliser Association of India, the x body of fertiliser manufacturers in country. The budget went even fur-r, it placed three low analysis fertilisers ammonium sulphate, ammonium oride and calcium ammonium nitrate outside the retention price scheme.

iingh may have only himself to blame the consequent problems. There was llence available from India as else-re in the world (Pakistan and Mal-a) that dramatic upward revisions in es have been followed by prices being ed back again. In India itself, prices e marked up by a hefty 90 per cent in 4 following the first oil shock and then gressively rolled back during the latter of the seventies. Again an upward re-on in 1981 was followed by a down-d revision two years later. Perhaps gh was motivated to hike prices this e in order to contain the budget cit.

The special scheme relating to differential pricing for the small and marginal farmers (holding less than two and one hectare respectively) is a misnomer. This will involve identifying 65 million farming families by the state agriculture corporations and the state agriculture cooperatives and also identifying the crop grown and the quantity that a single farmer needs.

Says former agriculture secretary M. Subramanyam, "Perhaps, a ration card system will be used." But it is a near impossible task. In fact, there are already reports that the government might do away with the dual pricing formula and uniformly reduce the increase to 20 per cent.

Nevertheless, dropping prices by 10 percentage points will, at one stroke, take away Rs.400 crore that was saved from the fertiliser subsidy while another Rs.405 crore will have to be paid to sustain the new subsidy. The fertiliser subsidy will now certainly overshoot the budget estimate of Rs.4,000 (Rs.2,900 crore on indigenous and Rs.1,000 crore on imported fertilisers) by a clear Rs.1,000 crore.

Unpaid bills up to Rs.450 crore have been carried over from last year, the 10 per cent increase in freight will add Rs.150 crore, naphtha and fuel increases will add another Rs.150 crore and the 18 per cent devaluation will add Rs.900 crore through raw material imports (rock phosphate, sulphur, ammonia and phosphoric acid). The recommendations of the Kelkar Committee, if accepted, will add another Rs.70 crore. The cost additions can be substantial damage.

Singh will now need a new resolve to hold the budget deficit down to the promised Rs.7,719 crore. Increasing prices was, nevertheless, a brave attempt. This was what both the industry and the department of fertilisers (DoF) had demanded for the last five years, but the quantum of the increase surprised even the industry. The industry sector had recommended 25 per cent and the DoF 30.



A fertiliser unit: taking the first step towards total deregulation

"The price increase is good," says K.G. Ramanathan, managing director of the Gujarat Narmada Valley Fertilisers. This finally indicates an understanding on the part of the government that the escalating subsidy is not contributed by an inefficient industry but rather by the continuing increase of administered prices from the government's own services. Sixty seven per cent of the manufacturing costs of fertilisers is paid to the government owned services, ONGC, GAIL, Indian Railways and MMTC. For ten years, retail prices of fertilisers were not altered.

The increased retail price of fertilisers

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NITS (1964) SCHEME

Losing its glitter?

The budget seems to have claimed yet another victim. And this time it is he turn of the 27-year-old UTI units scheme

The budget announced last month has almost taken away the glitter that the Unit Trust of India's units had as a money market instrument. The budget has sought to modify the provisions relating to setting off of capital gains. It says, ... It is proposed to amend sections 71 and 74 of the Income Tax Act. The amendment to Section 71 seeks to provide that capital loss, if any, (whether short-term or long-term) will not be allowed to be set off against any other head of income."

Prior to this, corporate investors used to benefit twice by investing in the units through what is popularly known as 'dividend stripping'. Section 80M of the Income Tax Act allowed companies tax exemption if the interest income received from investments in units was distributed through dividends.

And it was not very difficult to do. After closing accounts in March, if a company had some surplus cash for three months, it could invest this surplus in units available in the secondary market. And once the dividends were declared by the UTI in July, offload the units back in the secondary market. At the end of a deal a company would earn a hefty pre-tax return of over 23 per cent to almost 82 per cent, depending on the period of investment (*see table*). Even if a company had to hold units for a longer time, it would not mind it. The capital loss which they would probably incur while selling units at a discount, could be set off against their income which would reduce their taxable income.

Units attracted the corporate sector's attention around 1985. Securities' dealers assign several reasons to the popularity. Says Neeraj Batra, chief executive, Prime Securities Limited, "Spread of tax planning cult (section 80M); emergence of cash rich companies (which needs short-term investment avenues), CCI's requirement of investing the money raised through a public issue in units or bank deposits and the advantages that units have as an investment instrument, such as, security, high liquidity and tax preference, made units an extremely attractive instrument for the corporate sector." In no time there developed a ready forward market for this instrument worth a daily turnover of Rs.1,000 crore. The sale of units, a mere Rs.2,000 crore in 1985 with majority individual investors, touched Rs.11,000 crore by 1990 with a large share bought by the corporate sector.

Cash rich companies like Apollo Tyres, Grasim, Telco, Tisco, Usha Rectifier, Oswal Agro, Bajaj Auto, all went wholehog into purchasing units. Naturally, attendant services like broking too came on the scene with banks, especially the foreign ones and brokers and security firms facilitated the deals behind the veil of portfolio management. Along with brokers, banks with their ready forward (a future sale or purchase at a price determined today) and buy back facilities developed an active secondary market for this instrument. Although RBI was always unhappy about such deals as banks used this route to pay a higher rate of interest on funds, for UTI it was beneficial.

Commenting on such deals, the budget says, "This provision (of allowing the adjustment of capital loss against other incomes) has been used for tax avoidance through generation of short-term capital loss on share transactions and its adjustment against taxable income under other heads."

Now that the budget amendment no longer allows setting off of capital loss against other income but capital gains, units seem to have lost much of the glory. In fact, the UTI has reportedly even bought back units worth Rs.1,500 crore in two days after declaring dividends.

S.A. Dave, the academician chairman of the UTI whose preference towards making units a truly individual's savings instrument, should be happy at the corporate sector divesting units. But it may not be that simple. Says Krishna Kumar Nandan, senior manager, money markets and securities, Kotak Mahindra Finance Limited, "There are still endless possibilities in the units market."

If the government decides to level all the mutual funds, the 80M benefit will have to be withdrawn from the units, in which case, the future of units as a money market instrument will be uncertain. Meanwhile, the question that a securities dealer asks is whether units are a worthwhile investment for the individual investors? He argues that the UTI's "lowest ever offer" of Rs.14.10 last month is much higher than the price of Rs.13.35 at which units were available then in the secondary market. "This is a straight capital loss for the investors," he points out. Moreover, the capital appreciation as per its declared NAV has been only 33 per cent in 27 years. Most agree that it is only the corporate sector which has made a success of units. And if that too does not hold then perhaps it would be an end to this 27-year-old UTI scheme.

■ ALPANA KILLAWALA

Investments in units

No. of days invested	45	60	90	120	150	180	365
Buy on 1/2/91	-	-	-	-	-	14.37	-
1/2/91	-	-	-	-	14.37	-	-
3/3/91	-	-	-	14.47	-	-	-
2/5/91	-	-	14.97	-	-	-	-
30/7/91	-	-	-	-	-	-	13.90
29/5/91	15.15	-	-	-	-	-	-
25/5/91	-	15.10	-	-	-	-	-
Sell on 30/7/91	-	-	-	-	-	13.45	-
01/7/91	-	-	-	-	13.10	-	-
01/7/91	-	-	-	12.92	-	-	-
30/7/91	-	-	13.25	-	-	-	-
30/7/92	-	-	-	-	-	-	13.60
13/7/91	13.15	-	-	-	-	-	-
23/7/91	-	13.20	-	-	-	-	-
Short term capital loss	2.00	1.90	1.72	1.55	1.27	0.92	0.30
Post tax capital loss	1.026	1.026	0.9288	0.8370	0.6858	0.4968	0.162
Post tax dividend	1.8500	1.8500	1.8500	1.8500	1.8500	1.8500	1.90
Net post tax yield	0.824	0.824	0.9212	1.0130	1.1642	1.3532	1.738
Post tax return (%)	44.12	33.20	24.95	21.29	19.71	19.09	12.50
Pre tax return (%)	81.70	61.48	46.20	39.43	36.50	35.35	23.15

NEW POLICIES

Much ado about exports

Everybody expects healthy export growth to come sooner or later, but some feel the piecemeal announcement is not healthy

Four policy announcements from the commerce ministry in a month and a half is a healthy indication. But commerce minister P. Chidambaram may still not have accomplished all that he may have wished. Each announcement has taken Chidambaram a small step forward. Much of what he announced through his exim policy on 13 August was a panic reaction to the alarming deceleration in exports — from the targeted 9 per cent increase in dollar terms to minus 6.5 per cent accomplished in the first quarter of fiscal 1991-92.

Admittedly, the several import compressions clamped by the RBI over the last six months have taken their toll along with the high interest rates. The commerce ministry took several steps to correct that dramatic reduction, primarily by streamlining various procedures that were hampering a healthy export growth, which everybody feels, will come sooner or later. Ramu S. Deora, president of the Federation of Indian Export Organisations immediately responded favourably that "export would now accelerate to 16 per cent in dollar terms over the next seven months with traditional exports, garments, leather and gems and jewellery leading the way."

But not everybody in New Delhi is convinced of this strategy of policies being announced piecemeal and then being followed by revisions is healthy. With last week's announcement, differential rates of import replenishment are back varying with the value addition in exports, something which the 4 July exim policy had done away with. This will apply to items listed under annexure 1 of the exim policy of 1990-93.

Chidambaram added 10 percentage points to the import replenishment value of 30 per cent that already existed to certain thrust areas, value-added agricultural products, marine products and certain electrical goods (to be specified later).

The exim policy did not address several other issues that it ought to have. The replenishment scale, for instance, is not graduated to sufficiently reward higher value addition. The discrepancy of awarding units in the EPZs exim scrips on the net foreign exchange value and those in domestic tariff area on the basis of the f.o.b. value of exports still exists. The reason is their access to free foreign exchange (not through advance licences and through exim scrip) and subsequently not having it subtracted from their export proceeds.

Neither does the policy say anything of the valuation norms (of value added) for units in the EPZs and how that will be done in a changing market, a major problem for exporters. Not withstanding these reservations and inflation, the policy is certainly a step forward towards improving the economy's formidable regulatory mechanisms.

"It may be much better for the government to make up its mind once and all," says Charan Das Wadhwa of Delhi-based centre of policy resea There was little reason to have panic for there is a strong seasonality in exp which peak during the year ending March.

The next quarter is invariably sl and besides, as Wadhwa says, "Every who had read the economy well aware of the impending devaluation preferred to postpone remittances." now being feared that the governm may be tempted to reintroduce the CC exports do not respond sufficiently o the next few months.

Primarily, the great deal of discret that trade regulatory bodies exercised been done away with. Exim scrips promised to be given out within 48 ho with the only requirement of a bank tificate pronouncing the receipt of exp

Easing imports

'New products, new markets, new volumes,' is P. Chidambaram's new slogan for the trade and industry sector. Following the theory it has mooted of linking imports to exports and pursuing its efforts to open new trade avenues, the government took the first step and launched the export-import (exim) scrip on 7 August this year. Minister of state for commerce Chidambaram flagged off the Bombay launch when he handed over the first scrip to Ramu Deora, president of the Federation of Indian Exports Organisation.

Pre-release publicity stated that the scrip would be printed on paper which can be identified by a special watermark. Ironically, the scrips released by Chidambaram were only xeroxes.

What is an exim scrip? How is it different from the REP licences that have been abolished? To begin with, exim scrips entitle an exporter to import up to 30 per cent of the value of his exports. More, the exim scrip allows exporters to import a much wider range of products. Earlier, the REP licence allowed imports between 5-20 per cent and the items to be imported were strictly restricted to a range of products related to those exported.

Additional benefits. The percentage change in the rate will bring additional benefits to a larger number of industries. For instance, tea growers were allowed a mere 5 per cent import against export, as their industry was not considered to be one that needed foreign exchange. Now this industry can get exim scrips worth up to 30 per cent of the value of its exports. They also have the facility to sell the scrips, obviously at a premium.

An added advantage is that the new exim scrip, besides being available within 48 hours as compared to the 45 days required for a REP licence, will need only a single document — a bank realisation certificate verifying the amount received from exports, as supporting evidence. In contrast, the REP licence required at least eight other documents.

Exim scrips will have a value of Rs.one lakh, Rs.10 lakh, Rs.50 lakh and Rs.one crore with a life span of 18 months. Emphasising the exim scrips' flexibility, Chidambaram remarked, "This important instrument for the investor will be freely tradeable and more open and transparent when financial institutions are involved in its trading." He also expected around Rs.6,000 to 7,000 crore worth of exim



ne exim scrip being released: 48-hour promise

scrips to be made available during the current financial year.

Exporters and importers, however, are debating the issue of trading of exim scrips by the financial institutions and the possibility of listing them on the major stock exchanges in the country.

While the final decision on the question of listing exim scrips is to be announced only early next month, some already feel that if the scrips fetch a high premium, a listing on the stock exchanges can lead to cornering in large numbers. If this happens then the purpose of issuing the scrips will be defeated.

Wide appreciation. However, Chidambaram stoutly defends their listing, "No policy can satisfy every exporter. There is always a pain in transition and we will deal with these problems when things get better." On the other hand, Anil Lakhina, export commissioner, feels that the exim scrip will serve as a parallel currency. Officials of leading financial services companies welcome the inclusion of financial institutions and see "more free play" in the trading of scrips.

There are, however, other problems. Himmat Sutaria of Pratham Consultancy Services, a Bombay-based trader who used to deal in REP licences earlier and now hopes to trade exim scrips feels that since there is no name written on the scrip it is a bearer bond and as such there is no indication of the owner. "This will make dealing in scrips risky and increase chances of theft," he says. In case of the REP licence, the transferee had a letter made out in his name by the transferer.

Exporters like S.S. Toshniwal prefer that banks rather than the Joint Controller of Imports and Exports should handle the issue of scrips. Says he, "The exim scrip is a good concept. If the bank can issue a validity certificate, why can't they issue the scrip itself. After all, the banker knows best and this will also stem corruption."

As is often the case, Indian policies incorporate unnecessary contradictions. The commerce ministry has launched the exim scrip to ease the process of obtaining foreign exchange for imports related to exports. But, on the other hand, severe curbs on imports restrict exports which in turn stand in the way of achieving the very purpose of the exim scrip. It is natural then that traders and exporters call the plans "beautiful in theory" and "dreams on paper." How well the scheme of exim scrips is implemented will eventually spell its success.

■ MANALI RESHAMWALA

proceeds. But then, if a bank certificate is all that is necessary and the government is seriously interested in reducing problems for the typical exporter, then what is the need to send him to the office of the Joint Chief Controller of Exports and Imports? "He is making that extra trip for nothing." Nevertheless, other moves as allowing the foreign exchange earnings of export houses to be clubbed with the turnover of the parent organisation in the DTA is a marked improvement.

Advance licences will similarly be given out within 15 days for those where norms for value addition have been worked out and within 45 days for those whose norms have not been. Some other procedures for the EPZs and the EOUs as well as those for advance licensing have been improved upon. Decanalisation of 14 import products, mainly of chemicals for cosmetics and toiletries, now to be imported against exim scrip is another feature. The STC and the MMTC, both monopolies will now have their commercial decisions compared with their counterparts in the private sector.

Input-output norms, a major source for delay in the issue of advance licences which have now been worked out for 540 items only will be followed by a list of a thousand before 31 October. For the policy governing the EPZs, it needs to offer the state governments a stake in export promotion. The document states that it will follow this up in the future.

Other incentives have been added for the 100 per cent EOUs and those in the EPZs. "That was more than necessary for their performance was sagging," says Wadhwa. The several incentives that industries in the domestic tariff area have now access to dilutes the incentives for those in the EPZs. Entitling them to the 30 per cent exim scrip puts them now on a par with those functioning in the tariff area.

■ ARIF SHARIF

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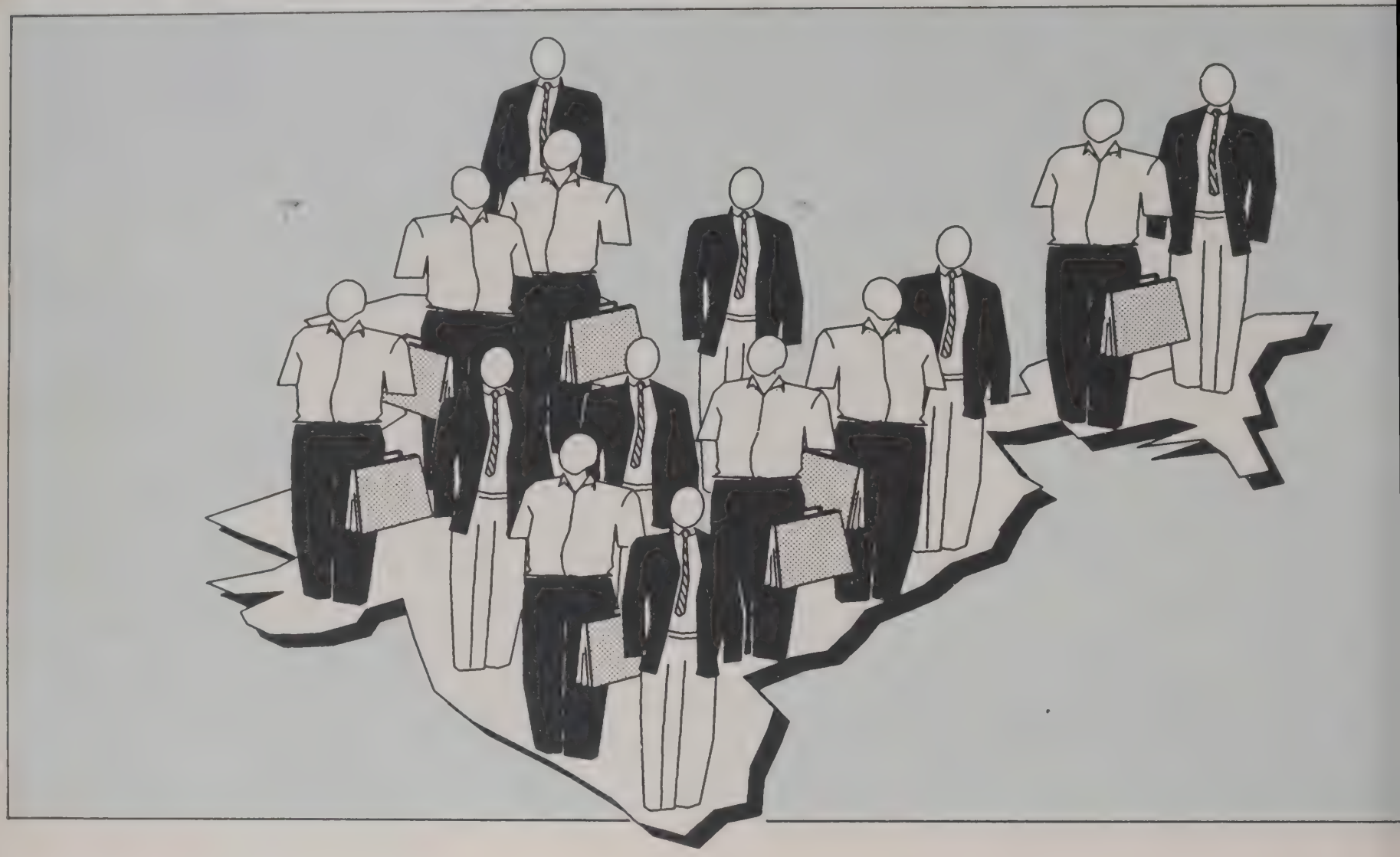
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BANKING COMMUNITY

Conservative to the core

With almost all the banking surveys done so far having been focused on customer service, the customers' viev fairly well-documented and represented. But what about the bankers' views? The banking fraternity has till n never been heard — either for their side of the story on customer service or for their view on banking issues. I this question that triggered off Business India's survey among bankers themselves





The survey was done through a structured questionnaire mailed to 15,000 branch managers all over the country. The sample was selected at random and only public sector banks were approached. More than 1,100 replies were received which included all managerial staff — from branch managers to bank chairmen.

The objective of the survey was to understand the view point of banking professionals and their environment. Quite interestingly, some of the findings were in striking contrast to impressions commonly held by bankers.

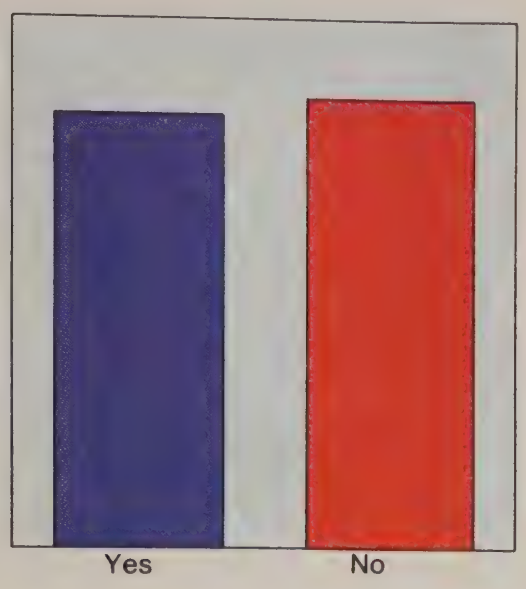
Of the total sample of 1,100 bankers, the majority were from rural or semi-urban areas, in the age group of 31 to 40 years with work experience between 16 and 25 years. Only 3 per cent of the bankers who replied were not graduates.

It is quite surprising that at a time when the wind had quite definitely started blowing towards liberalisation, bankers show up as a servative lot. But, as a very senior ba pointed out, 22 years of nationalisation conditioned the bankers' minds to such a tent that they do not wish to be liberated f the controls of government supervision. An server, however, points out that this survey conducted during the uncertainty before current economic dispensation of the Narasimha Rao government was announ He is certain that if the survey were to be ducted today, the bankers' responses would heavily towards the current mood liberalisation.

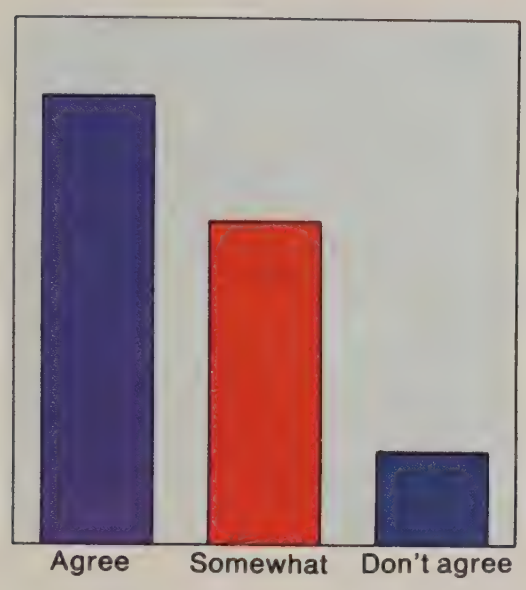
What is certain, however, is that initiati almost a dead concept in the banking indus It will take quite some time and effort be bankers get accustomed to the spirit freedom.

beralisation

you agree that growing intermediation is dermining banks' role?



you think banks should the sole intermediary in bilising money?



Liberalisation hit (in all sense of the word) banking in 1985 when banks were permitted to take on new activities such as leasing, merchant banking, mutual funds and credit cards through separate subsidiaries. Greater competition developed in the liberalisation process and eroded the importance of the banking system. Nearly 90 per cent of the sample think that their role has been undermined by liberalisation — ie, they feel that there is, in bank jargon, growing disintermediation (where the borrower approaches the saver without the help of an intermediary).

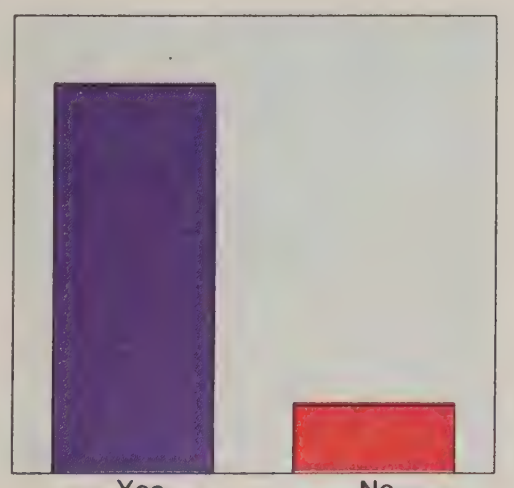
Not only this, the bankers want banks to continue to be the "sole intermediaries" for deposit mobilisation. They feel that the necessary infrastructure and capacity have been set up at high cost and if these are not used adequately, they will be wasted. People, they say, have full faith in banks and that must be vindicated. They want to avoid 'duplication of work' — which is really a euphemism for competition — and fear that with growing disintermediation banks will not only have insufficient funds, but also that it will erode banks' profitability.

Undoubtedly, the bankers' concern for their own funds position has made them forget that only competition can benefit the customers.

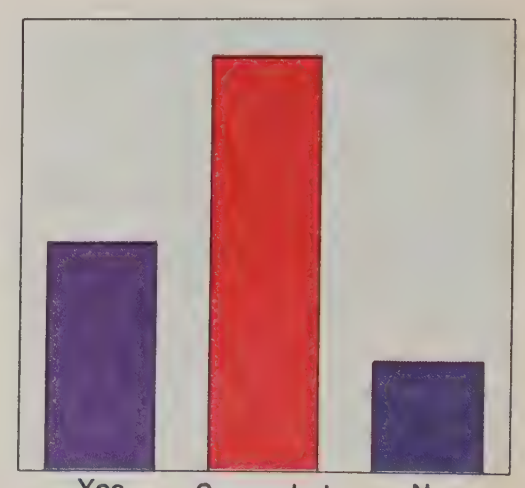
versification

: appears that while, on the one hand, lkers do not want to share their action with one else, they want a piece of everyone else's on, on the other. Almost 85 per cent of the ple said that banks should undertake activ- such as leasing, merchant banking, mutual ls and credit cards. However, 325 bankers he total 913 who were in favour of banks rsifying, thought that banks were geared up ake on such activities; whereas as many as thought that banks were only somewhat ed to take these activities on.

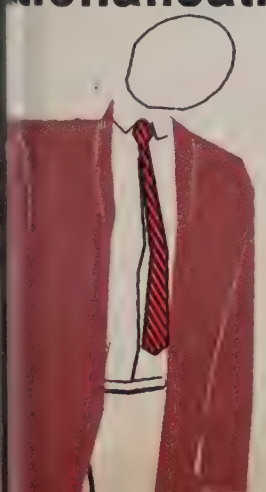
Do you favour diversification?



Do you think banks are geared for diversification?



tionalisation



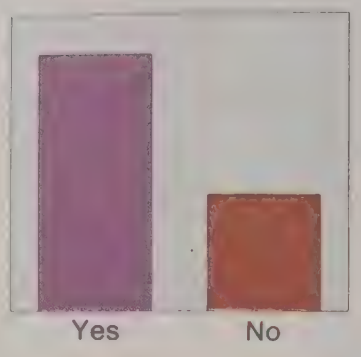
An opinion has often been expressed that the role of fuelling development forced on nationalised banks has been at the root of all the ills of the industry. Concessional lending, for instance, to priority sectors is blamed for the banks' limited profitability. Even so, a full quarter of the sample confirmed that rural development is the most important objective of bank nationalisation, followed by a spread of the banking habit and a shift from class to mass banking. Not only this, 52 per cent bankers even favoured banks' direct role in achieving these objectives as against a supportive or participative role.

Restructuring

Not surprisingly, bankers were strongly against privatising banks. They felt that their prime responsibility, ie, rural development, would be neglected if banks were privatised.

There could be two reasons for bankers' aversion to privatising public sector banks. First, the survey was conducted before 'opening up' gained government support, and second, most bankers genuinely seem to believe that development is a significant role bankers should play in India.

Should there be fewer public sector banks?



Though privatisation may not be seen a medicine for the present illness of the ba industry, bankers do feel that it needs to b structured. Almost 70 per cent of the ba feel that the number of public sector b needs to be reduced. But, they want neithe private sector nor the state governments to more control over banking. Having been fo through loan *melas* and loan write- bankers are justified in loathing political i ference. In fact, political interference to the list of the most unfavourable developm in banking in the past two decades, with 2 cent.

Reserve Bank of India

Rating of RBI

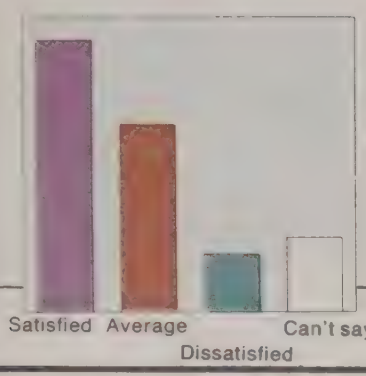
As supervisor



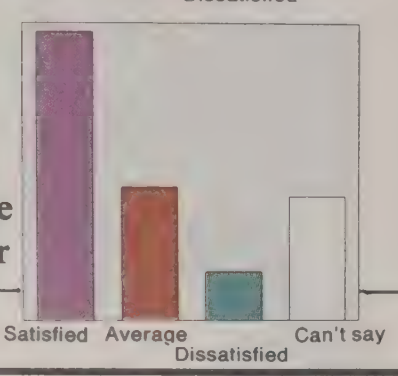
As banker to banks



As credit manager



As exchange controller



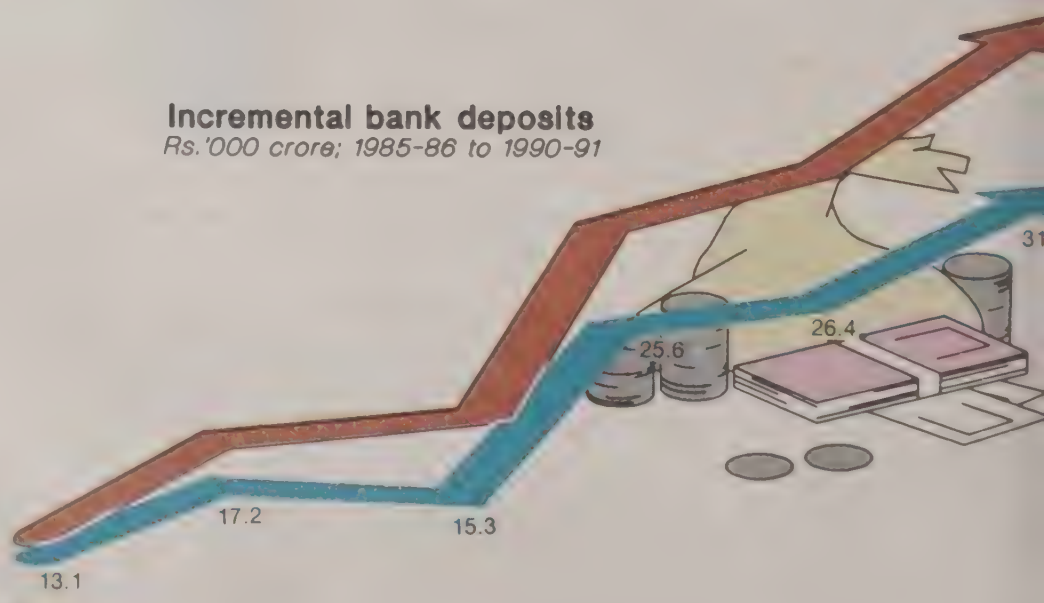
The central banking authority plays a sig cant role in a country's economic and fina systems. The Reserve Bank of India has ha share of bouquets and brickbats. How do bankers rate this institution? Though in pri discussions most bankers express dissatis tion with the manner in which the RBI con the banking system, the findings of this su do not reflect that dissatisfaction clearly.

Business India asked the bankers to rate performance of the Reserve Bank of India i four major roles. According to 36 per cen them, the central banking authority discha its duties satisfactorily. These include the R functions as a banker to banks, its supervis role, credit monitoring and exchange cont However, in all these roles, only 9 per c thought that RBI maintained the requisite in pendence. About 80 per cent of the sample f that the RBI gives into government press quite often.

Bank deposits

Since last two years, there is a clear decline in the growth rate of bank deposits. Bankers are often blamed for the declining growth and are pushed to run harder to improve the growth rate. Interestingly, the survey revealed that 74 per cent of the total sample is currently engaged in mobilising bank deposits; and 90 per cent of them like this activity a lot or somewhat. Again, 32 per cent of the sample working in the rural areas like to be involved in deposit mobilisation. Thus, it can be easily surmised that bankers are not apathetic to deposit mobilisation. Probably there is some truth in the bankers' plea for making bank deposits more attractive to investors compared to other savings avenues.

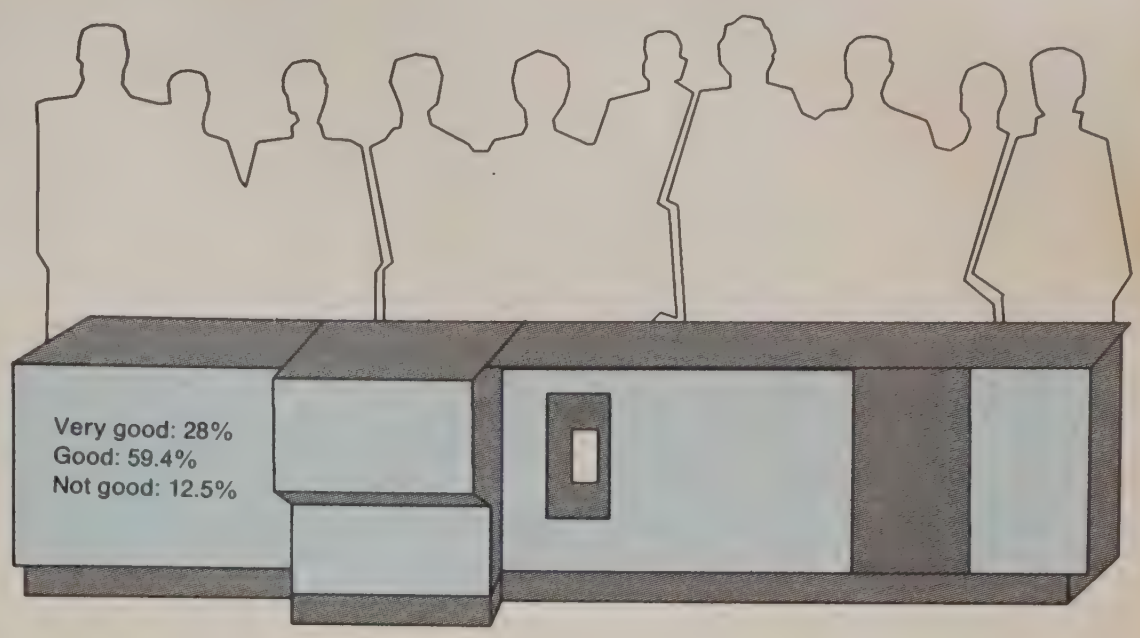
Incremental bank deposits
Rs.'000 crore; 1985-86 to 1990-91



ustomer service

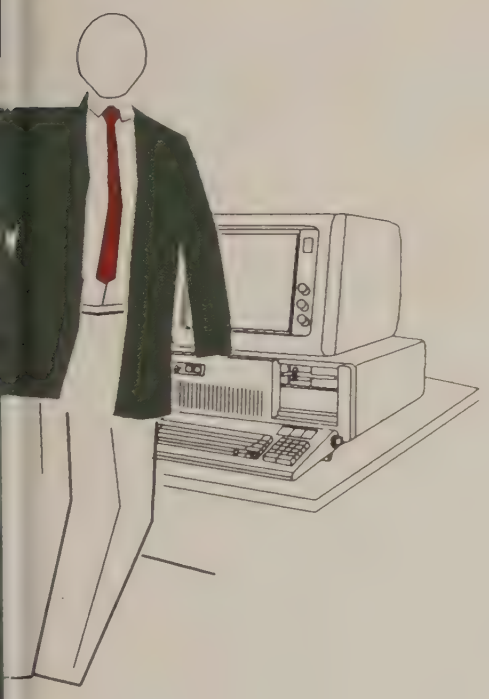
Customers are almost unanimous in decrying nks' customer service. However, when asked rate the quality of customer service given by eir banks, most bankers rated it as either very od or good. Clearly, bankers and clients have fferent views of the concept of customer ser-e. Interestingly, some bankers who were per-nally interviewed, did admit — under the eath though — that the customer service in eir banks left much to be desired. But on re-rd, only 12.5 per cent of the total sample ac-owledged that customer service in their nks is bad.

The most important reason for poor quality customer service, bankers have explained, is rk pressure (47.5 per cent). However, a quar- of the sample also admitted that compla-ıcy due to job security was the reason behind or customer service. Some 15 per cent also thought that banks lacked in work ethics. Many earlier surveys on customer service have given customer behaviour as a common reason for poor service. But in this survey, only 5.7 per cent bankers held this opinion.

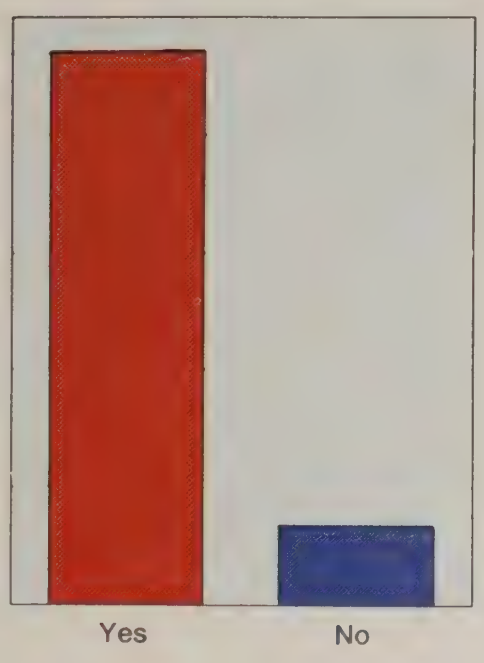


How would you rate the standard of customer service in Indian banks?

omputerisation



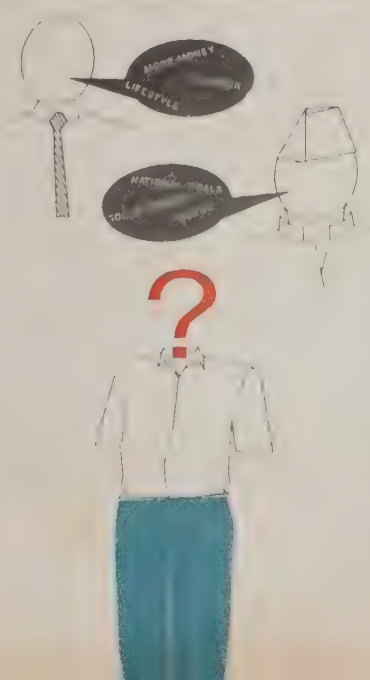
Do you favour computerised banking?



Bank unions have for years thwarted the management's effort to computerise banking. They will be shocked to know that almost 90 per cent of bankers interviewed supported bank computerisation. And when asked whether front office, back office or innovative services like credit cards should be computerised, they said banks needed full computerisation. Of course, the response was so unanimous as the sample was drawn only from the managerial staff; but with a normally high level of education among even the clerical staff, one might expect that they too would be in favour of computerisation. Thus, the old guard at the unions will be disappointed to know that a consensus is building up in favour of computerisation. And to the delight of the customers, bankers want to use computers for improving customer service.

reign banks

ndian banks have always branded their for-counterparts as "unfair competitors". No gets of priority sector leading (at least till ut last year), freedom to computerise or to ertise — Indian banks always write off the ign banks' higher profile, high profitability ge against these so-called advantages. But er cent of them do concede that the most ificant contribution of foreign banks has n in improving customer service. Also, 66 cent affirmed that they created competition.



Most interestingly, while they decry foreign banks and private sector banking in general, 73 per cent of the bankers say that they would want to work in foreign banks which are again private! As many as 27 per cent of the top officials also showed an interest in joining a foreign bank. More than 50 per cent of the top officials also say that they would like or they would not mind a foreign posting.

While 60 per cent wish to join a foreign bank for the better work environment, only 32 per cent would switch to one for the higher remuneration it would bring.



Some popular sinking beliefs

Issue	Agree strongly	Agree slightly	Neither agree nor disagree	Disagree slightly	Disag stron
Management style in banks is autocratic	172	399	204	143	
Banking urgently needs restructuring to improve efficiency	780	170	37	38	
The profit performance of banks can be improved	705	256	49	41	
There is a lot of overlap in different commercial banks' roles	504	295	138	69	
Different types of banks should be set up for rural areas	311	170	114	103	
Unions in banks affect work and lead to poor customer service	451	344	97	93	
Corruption in banks is very high	52	215	216	285	
Bank employees have low motivation and a negative attitude	184	335	164	190	
Nationalised banks serve development objectives	447	419	114	59	
Nationalised banks serve the rural and poor	473	413	97	60	

Note: *Totals may not add up to full sample size as 'Don't know/Can't say' category, being negligible, has been omitted*

Banking as a career

The number of employees far exceeds the number of promotional avenues in banks today. As a result, highly qualified people perform most routine jobs and this often results in frustration among bank employees. However, the survey revealed that the majority (54 per cent) of bankers are satisfied with the progress they have made in their careers; 65 per cent think that merit-cum-seniority is the criterion for promotion in banks. At the same time, more than 50 per cent think that their jobs utilise their skills only partially.

Bankers are known to have disagreed with the appointment of an outsider as a chairman or an executive director. But, the survey shows that a majority of the bankers favoured in bank transfers among the top executives.

Are you satisfied with banking as a career?



Twenty four per cent of the bankers are f trated by the 'surrender of authority to unio another 24 per cent are unhappy with the s of management; while the pressure of w bothers another 11.5 per cent. Interfere from seniors and the government, no indep dence, and frequent transfers were some ot reasons for frustration.

Only 20.5 per cent think that bank jobs challenging, and therefore satisfying. A fract above 20 per cent are satisfied with their rem neration packages; 16 per cent by the job se rity; and another 11.5 per cent by the soc status that a bank job brings with it.

Conclusion

The survey — the largest ever perhaps done on bankers — brings out bankers' viewpoints quite interestingly. The need for restructuring the banking sector by reducing the number of public sector banks comes out very clearly. Yet, as no state or private sector control is preferred, the only way out is merging a few public sector banks.

Bankers generally have no quarrel with their social responsibilities. In fact, they accept it wholeheartedly. Their quarrel is with bank deposits being treated as a step-child in terms of tax concessions and interest rates. Once that disparity is taken care of, perhaps bankers will be enthusiastic about facing competition.

And if they are enthusiastic, the smaller issues like inter-bank transfers will automatically take a back seat. To face competition, computers and better service too will be imperative. The only thing required now is giving up the reins like those given up on the economy front.





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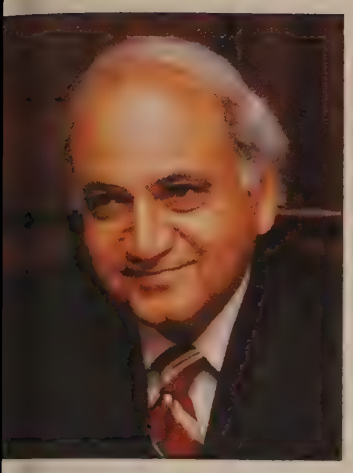
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After the reforms, what?



ESHUB MAHINDRA

The euphoric stage of the liberation of our economy from the shackles of government control will soon be over. The budgeted documents attempt to redefine the role of government, by and large, leaving the business of business to business. The speedy manner in which various reforms were initiated deserves applause. However, the crux of the issue is speedy implementation of these reforms as well as quick responses from business.

While many changes in both the industrial and trade structures have been gazetted, implementation cannot proceed until many statutes and acts are simultaneously altered to give effect to the structural changes. It is only then that the process of change will begin.

Whatever the conditionalities of obtaining an IMF loan, the changes effected clearly spell out the government's economic philosophy *vis a vis* the process of development. Many Left economists have questioned the merit of obtaining a standby credit arrangement from the IMF, but in doing so they tend to lose their credibility, since mere opposition without alternative programmes has very little meaning. The government's position in this respect is clear, and hopefully one will soon see the outcome of their endeavours. The question that arises is, where does one go from here?

Basic problem

In order to overcome the critical balance of payments position, it is obvious that if one is to accrue foreign exchange reserves one must earn more than what one spends. It has become fashionable to use expressions like 'business in India must go global, one must update one's technology, improve the quality of products, maintain competitive cost structures, be in a position to meet international needs,' etc, etc. The basic problem is: how does one become internationally competitive in today's environment?

By deliberate intent, governments in the past have usurped the right to nationalise all forms of savings in the country and have taken upon themselves the task to apportion these funds as they deem fit. The present government has accepted the fact that regulation and intervention in the economy have not produced the desired economic objectives and hence it has chosen a path of freeing the economy. It therefore follows logically that control of the core resource — money — must also follow suit in the process of deregulation.

This is not to say that state intervention is not necessary, on the contrary it is essential, but only in specified areas of control. Admittedly, it is one of the most difficult tasks before the government, but the process must begin and the government must accept that without it, the process of deregulating the economy loses much of its meaning. Banks, financial institutions, mutual funds and insurance companies all need to be exposed to competition domestically as well as internationally. The role of the Reserve Bank becomes critical. While it is accepted that no central bank can be totally independent of government policy, a much greater degree of autonomy is needed to be given to the Reserve Bank of India.

Interests of labour

The second most difficult task before this government in the process of deregulation is in the field of industrial relations. If one is expected to become international and globally competitive, in the process of upgradation of technology it is inevitable that a degree of rationalisation of labour must take place. But, in a country which has massive unemployment, no government can afford to call for retrenchment of labour. Although the finance minister has announced a Rs.200-crore fund, there is no social security system today which protects the interests of labour. It is therefore essential that government and employers must take upon themselves the responsibility of finding some answer, in tandem with labour, to this complex problem.

While it is easily stated that the answer lies in retraining and redeployment, in most instances it is not so and not practically feasible. The answer lies probably in the acceptance by all that when, in the judgement of management, rationalisation of labour becomes inevitable, a fund is created to which employers, employees and the government will contribute. Vast changes will need to be made in the Industrial Disputes Act to bring about a change for the better and to create a work ethic and a work ethos.

It is not an understatement to say that this most welcome process of change is going to be painful for most businesses. Radical changes need to be intelligently handled and the modalities of such change must be methodically implemented. While the country will undoubtedly pass through a traumatic two-year period, there is very little doubt that change will usher in a period of fast growth. This will generate employment as well as bring prosperity to most people in the country.

ne author is chairman, ahindra & Mahindra d



N.D. Prabhu
Chairman

Excerpts from the speech delivered by the Chairman, Sri. N.D. Prabhu, at the Fourth Annual General Meeting held on 24th July 1991 at Bangalore.

The year that has gone by has been an eventful one. We have seen events both good and bad, in either case affecting and influencing the economic, political and social fabric not only of our country but of the comity of nations globally.

Efficiency of investment and building-up a responsive and responsible management and developing entrepreneurship must be the watchword from now on backed by a strong political will and a commitment to progress.

The escalated gulf war, the drop in oil production, social and political strife and the re-thinking on the synthetic economic and political doctrines so assiduously pursued by a few nations over the past decades have all contributed in a great measure to the change in the economic structure, the social order and the political equations the world over.

THE ECONOMIC ENVIRONMENT AND THE EMERGING TRENDS:

The last few years have witnessed a policy re-orientation towards economic deregulation and liberalisation, manifested by the industrial and the international trade policies. These are only the beginning, as it were, of a process towards a market -oriented economy with lesser governmental intervention in the entrepreneurial endeavours. This is a welcome feature, no matter what the economic compulsions are. Efficiency of investment and building-up a responsive and responsible management and developing entrepreneurship must be the watchword from now on backed by a strong political will and a commitment to progress.

The policy-framers have a difficult task ahead; a vast population to care for and an aspiring people looking up to the planners for improving their lives in an economy that is slowing down and a social order permeate with inequalities.

The problems are too many. The rise in population of 23.50% during the decade which is almost the same as the previous decade, a 12% annual rate of inflation, almost 10% annual production loss in an investment of Rupees one hundred thousand crores in Government sector, due to capacity under-utilisation, fiscal deficits of 8.3% of GDP, an external debt position of one hundred thousand crores of rupees, deceleration in the growth of export trade, a widening trade gap, an acute Balance of Payment position - the list is endless and the situation grim.

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In an effort to solve the long and short term problems of the econ Government has started initiating certain measures.

The need of the hour is an agenda for growth and the p should be for elimination of avoidable and unnecessary control make room for free play for all the factors of production and away from the present protective environment in industry and t

These measures are inevitable. The problems require quick and solutions. The Government has initiated the first of these by adjusting of Rupee and by introducing the concept of Exim scrips, scrapped pegged imports.

The need of the hour is an agenda for growth and the priority shou elimination of avoidable and unnecessary controls and make room for for all the factors of production and move away from the present environment in industry and trade.

The cost of seperating India from the global economy has been hig exports are unable to stand upto international competition either in cost. Protected financial markets have made available finance at a ch atrophying the finance function in many organisations.

The transformations taking place globally in general and the East block in particular towards financial, economic and social liberalisatio significance to every other nation. We, in India, have been having economy. In the Indian context, therefore, any structural re-orientation economy would be far more easier, effective and faster when comp other nations.

The emerging scenario will call for perfectionist and prag policies - economically sound, socially beneficial and poli skilful.

In the Indian context, the transformations would mean oppo entrepreneurship, massive production of goods and services and an exp the financial and investment sector. The years ahead pose tre opportunities as well as challenges. All the same, the demands on the services sector will be great. Those who are possessed of co advantage and an attribute of product differentiation will certainly ha situation and the future is full of promises.

Indications suggest that the Eighth plan is bound to give a com orientation to our economic policies and priorities. The emerging sce call for perfectionist and pragmatic policies - economically sound, beneficial and politically skilful - all aimed at greater efforts directed mobilising savings and employment of capital more efficiently and i measure.

THE CAPITAL MARKET AND FINANCIAL SER SCENARIO:

The primary capital market was somewhat subdued marked by lower n capital issues and lesser quantum of resources mobilised.

This is understandable considering the fact that the year witnessed u on all fronts - an unprecedented foreign exchange crisis arising principa oil imports, virtual drying-up of oil credits, political uncertainities, hardships perpetrated by the unfettered inflation - all of which affe savings, investments and capital formation.

The secondary market scene was also none too different. The Primary Secondary market moved in tandem, one justifying the other.

The merchant banking business in the country has attained maturity, resilience. The presence of large authorised merchant bankers hav

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dimension to the competitive fervour.

e capital market needs to be opened up and we should go from era of restrictive control and legislation to one of self-regulation d enforcement.

Commercial Banks continued to play a vital role in providing the use of infrastructure for mobilisation of issue subscriptions.

capital market needs to be opened up and we should go from an era of ctive control and legislation to one of self-regulation and enforcement. The of the hour is to mobilise greater savings through the capital markets. markets though large mobilise only a small part of our savings. Mobilising in the primary markets is possible only if we have a vibrant and efficient dary market. To create such a market we need more informed operators rade on the basis of legitimate information. Aberrations in the market like r trading, wash sales, etc., would have to become a thing of the past. is a need for ensuring greater information on corporate performance, to e that it is available to all investors.

v of investors' money has acquired a new dimension with the failure of a n bank recently where issue subscriptions remain frozen. This is an te situation and it will have to be seen that bank failures do not affect the ing public and the corporate entities.

the changing scenario the emphasis should be on self- discipline d this is a good price to pay for removing the stumbling-blocs d disbanding the excessive, futile and wasteful regulatory deavours.

onsistent policy of economic and financial liberalisation have provided the needed incentive to innovate and excel resulting in multilateral opment of the capital market. It is this initiative that is needed to be ned in the years ahead.

process, however, the observance of desired level of disciplines and ntability are also to be pursued through proper framework. It should er be borne in mind that a class-room type of situation does not exist in pital market and therefore when we talk of a framework for disciplines and ntability, all those who participate in the capital market and also all those hose support the frame work operates must have participatory role in the g of the framework itself.

gh this, a better realisation and understanding will prevail and the work itself will be better acceptable it being directly accountable to achieve sired end-results. In the changing scenario the emphasis should be on scipline and this is a good price to pay for removing the stumbling-blocs sbanding the excessive, futile and wasteful regulatory endeavours.

FORMANCE OF THE COMPANY:

NA once again turned out a superlative performance during the year 1990-

total 141 Public issues, **CANFINA** was associated with 84 issues in the ity of Lead Managers/Managers/ Co-managers accounting for a market share 57% and occupied the leading position in the issue management business. ompany was associated with 59 Rights issues accounting for a resource ation aggregating to Rs.2,374 Crores.

NFINA now possesses a diversified asset financing technique for erse industrial sectors.

the previous year, **CANFINA** continued to be in the forefront in the placement blic Sector Bonds having handled issues in the aggregate amounting to 88.50 Crores.

Of the most important segment of Investor Services, **CANFINA** made giant strides in R & T Services, Odd-lot Share Purchases, Broking Services and NRI Portfolio management. The News-letter has been attracting investors' interests in a large measure.

CANFINA handed down lease sanctions aggregating to Rs.83.14 Crores during the year. The cumulative lease disbursements stood at Rs.179.59 Crores.

CANFINA also launched the Hire Purchase business for the benefit of the industrial sector.

CANFINA now possesses a diversified asset financing technique for diverse industrial sectors. Canbank Venture Capital Fund managed by **CANFINA** funded 18 high-tech ventures aggregating to over Rs.5 Crores from out of the corpus fund contributed by the Canara Bank and **CANFINA** and the line of credit from the World Bank.

CANFINA achieved a gross earnings of Rs.96.42 Crores. The pre-tax profits amounted to Rs.41 Crores. After providing Rs.7.25 Crores for Income-tax and Rs.4.01 Crores for dividend at 20%, a sum of Rs.30 Crores was transferred to Reserves carrying forward the surplus of the previous year. The networth of the Company stood at Rs.86.76 Crores at the end of the year 1990-91.

The integrated approach to the project funding propositions, the cost leadership and the product differentiation techniques and approaches have earned for CANFINA a distinct place in the financial arena.

CANFINA made a Bonus Issue of Rs.10 Crores in the ratio of 1:2 by capitalising the Reserves and also made a Non-convertible Debenture issue of Rs.50 Crores.

THE FUTURE OUTLOOK:

The integrated approach to the project funding propositions, the cost leadership and the product differentiation techniques and approaches have earned for **CANFINA** a distinct place in the financial arena.

The highly dedicated and committed team of staff members versatile in their respective assigned areas fully imbibing the Canbank's corporate culture have become the most sought after cadres in the financial sector in the country. It is this quality and calibre the company strives to build-in in each of its staff members.

I perceive a distinct possibility of an expanding horizon of gigantic proportions in the financial services sector given the prevailing thinking and the directional orientation sought to be pushed through in the near future in the matter of industrialisation, public participation in the state sponsored sectors and the deregulation initiatives. And, **CANFINA** will, as usual, contribute its mite to the fullest extent and live-up to the challenges these measures will usher in.

ACKNOWLEDGEMENTS:

I place on record with gratitude the wholehearted support extended to the company by the Government agencies and departments, SEBI, the All India Financial Investment and Insurance Institutions, RBI, Canara Bank, the Canbank Mutual Fund and the depositors and clients. I thank the Canbank men and women for the dexterity displayed by each one of them in achieving a superlative performance.

THIS DOES NOT PURPORT TO BE RECORD OF THE PROCEEDINGS OF THE A.G.M.

Renaissance/459/B

Bottoms up for Zen

Zen Communications, formed by a breakaway group from daCunha Associates, hopes to "look at things as they are not"

When three top executives left daCunha Associates Ltd early this month to start Zen Communications Private Limited, the move evoked at most, mild surprise. Breaking away to set up independent shop is considered quite the done thing today in the people-oriented ad business. "Our first task was to kill cockroaches. Every drawer we opened in the new office was full of them," grins Bharat Dabholkar, who had spent 16 years at daCunha's plush premises in south Bombay. The Zen team, which includes Alaka Bhosle, senior vice-president and T.N. Ravindran, a daCunha hand for 22 years, is currently operating in a hastily cleared godown loaned by a generous friend, while waiting for their own newly acquired space to be renovated. Seven daCunha staff members have joined them. Dabholkar is president of the new agency, while Bhosle and Ravindran are senior vice-president and vice-president respectively.

Sitting pretty

While they lack the comfort of established support systems, they are sitting pretty with some business already in hand. Zen's initial accounts are worth more than Rs.4 crore. "We didn't take any that were with daCunha's before we joined," says Dabholkar, which means that the Amul account stays in place. However, daCunha's billings have gone down from Rs.16 to Rs.14 crore following their departure, with a major loss being Parle's account. Other clients who have defected to Zen include Transelektra (Hit spray) and Zenith Computers. The fledgling agency is also on Life Insurance Corporation's agency panel. Ravindran is confident that in three years, Zen's billing will cross Rs.10 crore.

Other services being contemplated include a market information cell cosponsoring programmes providing advice on buying television time. In all this, clients can expect the key executives to be personally involved. "With the hierarchy at the 80-member daCunha Associates, such day-to-day involvement was not possible," says Dabholkar.

As the newspaper reports that Zen is funded by R. Mohan's Transelektra, Mohan says his company's involvement only extends to giving them business. Dabholkar points out that bank loans and personal finances are being used to meet the Rs.15-lakh investment required.

Both Dabholkar and Sylvester daCunha maintain that the parting was cordial. "It was a big shock," says daCunha, "because I was going to lose people I valued, but we are still friends. However, we are not bleeding in terms of client or staff departures". DaCunha has assumed the position of chief executive in Dabholkar's place and intends to wr the Amul ads himself as he used to for years before 1981 when Dabholkar to over. He also says daCunhas is recoupi with new accounts. Meanwhile, t breakaway group has been involved in terviewing their replacements. "The id was not to destabilise daCunhas," sa Dabholkar, "we saw it as our own thou we were employees." Adds Ravindra "We were running daCunhas but didn't own it." Bhos meanwhile, felt th after 13 years, she ha outgrown the agenc Nothing went wron she adds, except t fact that "we wanted work for ourselv rather than for som one else." While it true that Bhosle ha some shares in Vic Advertising, a subsi iary formed daCunha, these we "negligible".



Dabholkar, Bhosle and Ravindran: With the ad industry in the grip of a recession, it's a bad time to start an agency, but Zen is converting this into an advantage

In keeping wi Zen's name, the visi ing cards and le terheads have a cut-o signature hole symbo ising nothingness – certainly not a refe ence to the profit figu they hope to achiev "Our philosophy, says Bhosle, "is to loo at things as they a not." Dabholkar has wonderful sloga "Don't look at thing as they are and as why; look at things a they are not and as why not? That is th key to progress."

With the ad industr in the grip of a reces sion, it's a bad time t start an agency, bu Zen is converting thi into an advantage. "If we'd started du ing the boom, our expenses would hav been geared accordingly. Now, we' tailor-making the organisation to be lea enough to survive," says Dabholkar.

■ MENKA SHIVDASAN



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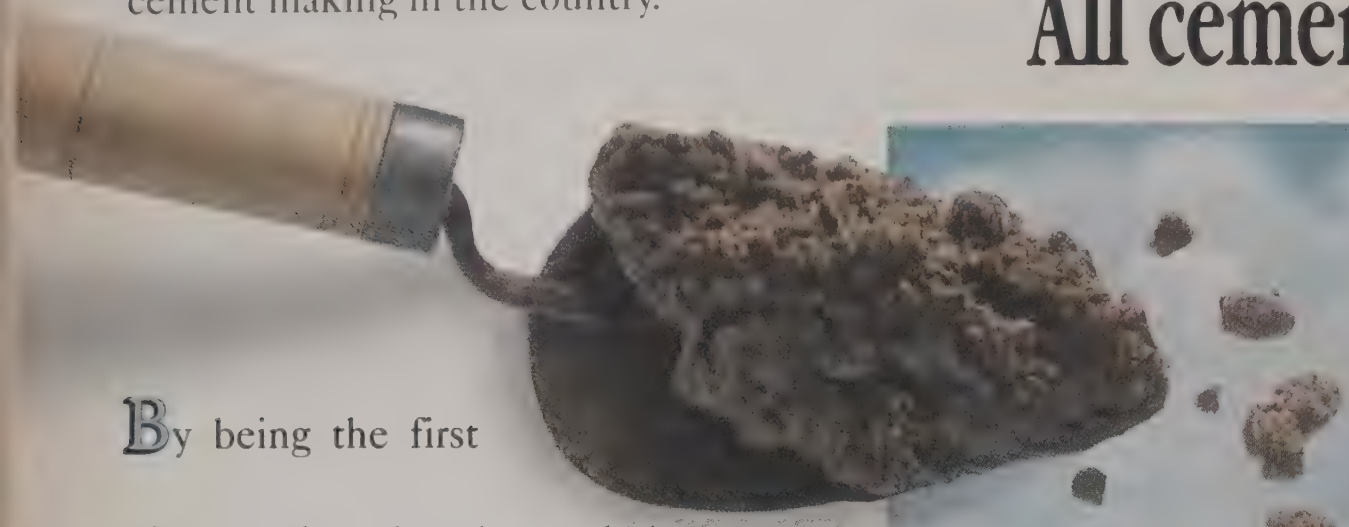
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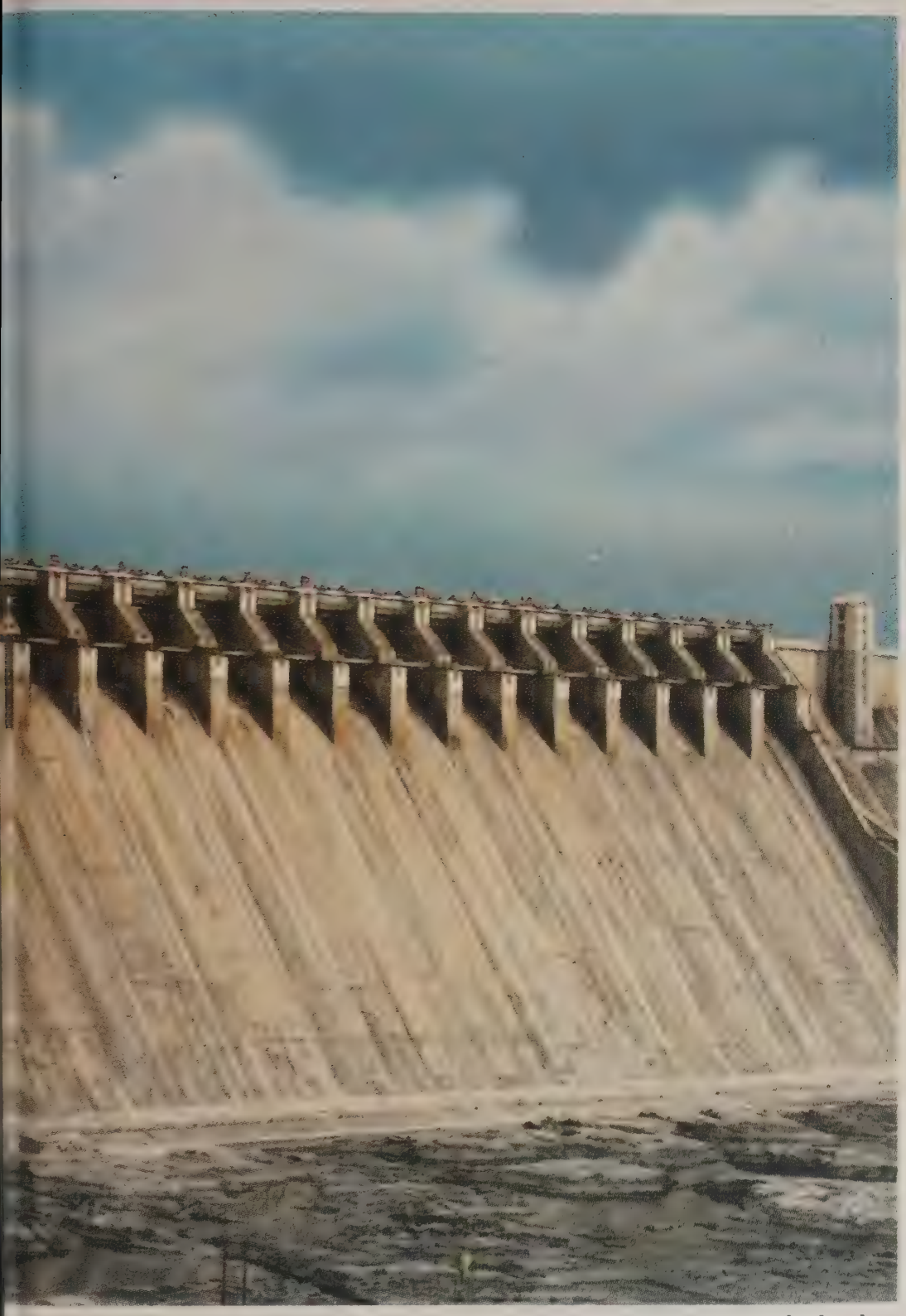
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STATE BANK OF INDIA

Racing against time

A time-wasting controversy had knocked the bank's computerisation programme for its corporate banking branches off the rails two years ago, but now it is back on track and the race to get the job done is on

The State Bank of India (SBI) has, finally, made a move towards computerising its corporate banking branches. Last week, the project was entrusted to a combine of the Bombay-based International Computers Indian Manufacturers (ICIM) and Kindle Inc, an Irish software company. The project is split into two phases, to be completed by end 1994. The computerisation project which should have commenced two years ago, was stymied by a rash of newspaper reports, alleging that the contract had been unfairly placed on International Business Machines (IBM). The facts were different. The evaluation committee had, after a careful weeding out process, shortlisted two offers: the IBM-Mantec solution and the ICIM-Kindle solution. Both the vendors had had their solutions in operation at sites overseas for a while.

Most profitable part

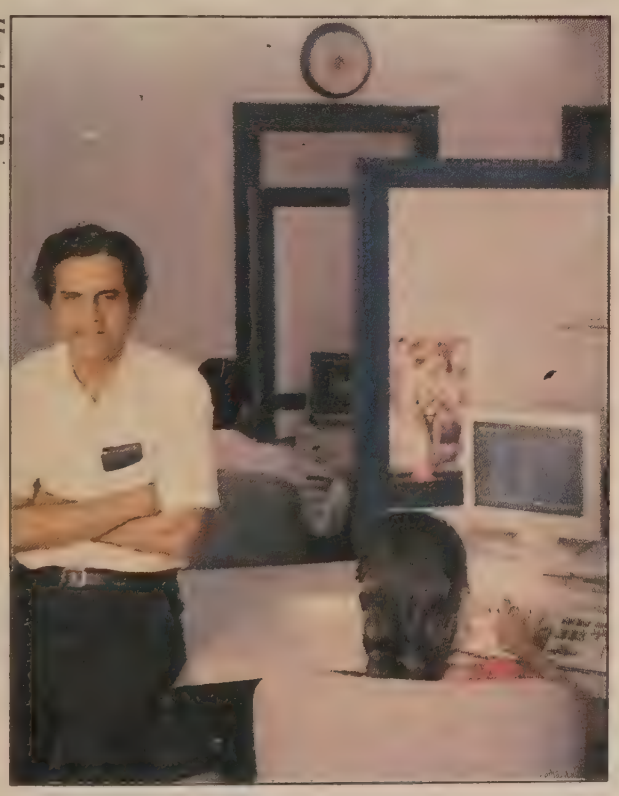
The corporate banking branches, 26 in all, are the most profitable part of SBI's operations. Of SBI's total business they account for 78 per cent of foreign exchange earned, 40 per cent of all corporate deposits and 54 per cent of the corporate advances. Not surprisingly they contribute 70 per cent of the banks total net profit.

The decision to computerise these branches was taken in 1985 when SBI realised that their strong position was under attack from foreign banks. The latter banks did not have to face well entrenched unions that the SBI had to. Also, they did not have to meet the stringent statutory credit ratios that constrained the SBI. As a result the foreign banks were able to computerise much more quickly.

Inspite of these obstacles, the SBI fought to take on the foreign banks using other sources of strength, like its size, reach and professionalism of its staff. In fact, in a survey on corporate banking conducted by MARG, a market research agency, SBI and Citibank were rated as equal on a number of counts.

A landmark agreement between SBI and its unions in 1989 had made it possible for the bank to take steps towards implementing its computerisation plan. In the agreement, the unions agreed to the computerisation of the 26 corporate banking branches, 23 branches in south Bombay and the back offices of 500 branches nationwide. The Reserve Bank of India then went over the proposals with a fine comb and gave it a clean chit. Soon thereafter, the Department of Electronics gave the green signal for the project. Solutions were invited from the computer industry and each went through an evaluation process in an effort to select the best one.

The IBM-Mantec solution lost out on two counts: functionality and price. Functionally, the IBM solution was based



Harsh Man Rai

Computers at SBI: in a hurry

on a powerful mainframe located at the bank's head office in Bombay and connected to terminals at the various branches all over the country. The drawback here, clearly, was communication between head office and branches.

The solution assumed fail-safe communication lines and data transfer rates equal to 6,400 bits per second. Existing telecommunication facilities in India can only handle upto 1,200 bits per second. Says a senior SBI official, who is involved in the project, "IBM could be a contender five years later, when our communication infrastructure improves."

In contrast, ICIM offered a distributed system which was based on computing power at the various offices. This ensured operations at the branches would not grind to a halt in the event of communication lines breaking down. The the backbone of the system is a supermini computer with lower configured minicomputers and local area networks at the branches, depending on their size. SBI will pay a total of Rs.30 crore towards the hardware part of the order.

Tried and tested

For the software component, Kindle's Bankmaster has been selected as it is currently in operation at most of the foreign banks in the country and therefore tested in this environment. "It meets 70 per cent of our requirements straight away. Kindle will modify the rest to meet our specifications," says B.B. Saxena, SBI's general manager for science and technology.

Spread over a three-year period, SBI will pay Kindle $400,000 for the basic software, and another $3.6 million for the other components. This will entitle SBI to use Bankmaster in all its 8,500 branches.

Smaller domestic software companies are naturally peeved that an order of such a magnitude has gone to a foreign software house. Larger software companies, however, indicated that SBI had made the right decision.

One gathers that SBI selected a foreign supplier on the grounds of the time frame promised and the fact that the solution would be a tested one. Most software vendors had indicated a time frame of five years for the first phase of the contract, which was unacceptable. And none had solutions of a similar nature operating anywhere. Of the two Indian vendors who were shortlisted, the HCL-Cullinet solution was unable to make a presentation of its claims while the TCS-IBM-Hogan solution was unsuitable. Both were rejected.

SBI is obviously in a hurry to protect its strong depositor base and counter the competition. And with the bank's customers becoming more demanding, only computerisation will fuel innovations towards more speedy and personalised service. Also, it would protect the bank's profitability.

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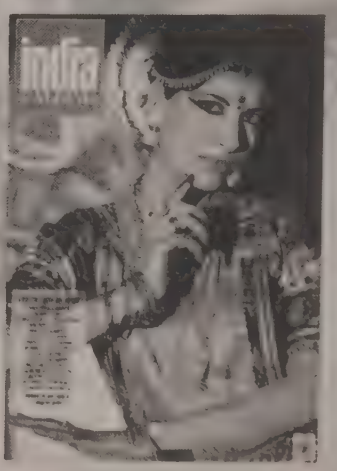
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A COUNTRY BETWEEN COVERS.

INVESTMENT COMPANY SHARES

In the wealth tax bracket

The proposed amendment in the current budget to value investment company shares on the basis of market value shows little application of mind. The amendment of Rule 12 of the Wealth Tax Rules is a good example of an unwarranted legislation that will engender needless litigation.

The Direct Tax (Amendment) Act, 1989 dealt with valuation of unquoted equity shares of non investment companies. Long debates and much unhappiness accompanied the changes that were brought about by amending Rule 12 linking valuation to market price. As a result of the dissatisfaction expressed the relevant provisions viz subsections (3) & (5) which contained reference to valuation rules at the market value were finally omitted by The Direct Tax Laws (Second Amendment) Act, 1989 with effect from 1 April 1989.

Now the amendment proposed in Rule 12 of the Finance (No.2) Bill 1991 tries to incorporate a proposal to reintroduce those subsections (3) & (5) for valuing shares in investment companies based on the market value of the assets which represent those shares. This will slap a huge burden on the owners of such investments with possibilities of the same wealth being taxed more than once and will make it impossible for companies to hold such investments. They may even have to sell those investments to pay wealth tax.

The spirit of the amendment militates against the attempt to usher in a liberalised industrial policy. With liberalisation, non-resident equity investments are expected to increase. In that case, is it wise to bring in such constraints which are likely to expose the holdings of Indian industral houses in their companies to a risk?

In any case, under the present law an industrial company is not required to pay wealth tax on its industrial assets except with some exceptions. Where is the wisdom, then, in imposing wealth tax on a derived notional basis in the hands of a shareholder who indirectly holds industrial assets through such shares?

In fact, this was the reason why such amendments were dropped in 1989 and the existing provisions were continued. It appears as if the honourable finance minister is ill-advised on this issue again. The government, however, must not forget that this will have more reason to lead to litigation than any area of revenue collection.

People are bound to find ways and means to circumvent these provisions in practice. It may not be difficult for them to think of various alternatives to dilute the effect of this proposal which may result in totally different situations from those that may be expected since it may be possible that:

- with planning, such investment companies may be brought out of the definition of "investment companies" by the simple expedient of reducing their defined income to less than 51 per cent of their total income. In that event they could continue to hold such shares by devising a complex structure of cross investments, may be, using the same investment company route.
- the nature of the investments may be changed and instead of equity shares one may resort to other forms of security instruments which could provide similar ownership rights and still help to keep out of such valuation rules.
- these investments may be transferred to other manufacturing companies within the group with a typical cross holding structure, thereby taking them out of the purview of such valuation. No doubt, in such a situation such investments may be exposed to the public eye; but there could be ways to yet maintain a close hold.
- it may be possible that these investments could be treated as current assets by trading in similar shares and other securities. This together with a structure of cross holdings with investment companies could prevent assessments on the basis of market value.
- finding out means to control prices of connected scrips where applicable, through stock exchange manipulations.

Overall, the existing provisions appear equitable and just and the amendment does not deserve to be implemented. If this has been the valuation procedure all these years, then nothing new has happened to warrant this sudden change. If wisdom prevails the authorities will reconsider the proposal.

■ VASANT NARKAR

The author is a senior chartered accountant

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PERSONAL COMPUTERS

Ten years of the PC

After witnessing a decade of helter-skelter progress, the top guns of the industry are convinced that they have seen only the prelude; the main event is yet to come





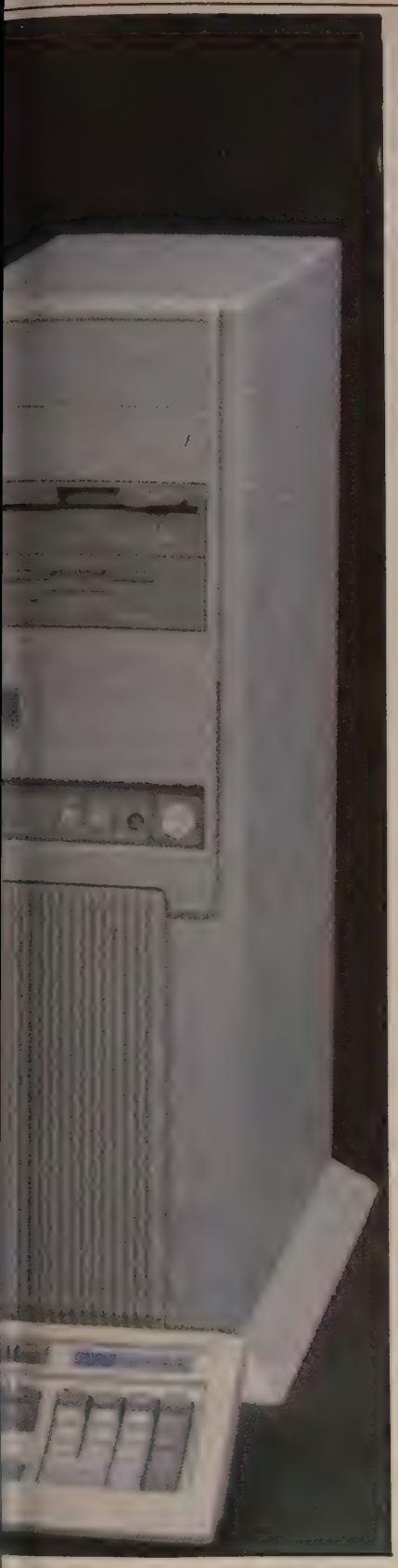
Getting ready the Reader Service pages, that appear a little later in this magazine, had always been a monumental bore. Six years ago, it was a tiresome job that took almost three days to complete. Today, with PC-based systems, total time required for the job is down to a relatively minuscule four hours.

This is really what the Personal Computer is all about — making life a little easier. This was the vision of the founding fathers of modern day computing, starting with the redoubtable Charles Babbage. The old brain cells still have to be exercised, but definitely the grunt work is reduced drastically. But it is also about the race for better, faster and cheaper technology, and smaller and smaller components.

With inventors, researchers, and developers across the world chipping away at the frontiers of artificial intelligence, the post-World War II years till the mid-seventies were a heady rush to computerised *nirvana*. Over all this, the giant IBM Corporation of the US gazed benignly, lord and master of all it surveyed, producing bigger, faster and more flexible mainframes year after year. But there were others who were concentrating on producing smaller machines, and software that could make them pull tricks like the larger computers.

In 1975, an unknown American company called MITS launched the Altair 8800 microcomputer, based on the just-developed Intel 8080 chip. This chunky little box could barely call itself a computer but it caught the imagination of comput buffs and was undoubtedly the vangua of the PC revolution. Twenty-one-year c Bill Gates, college dropout and founder a small Redmond, Washington-bas software company called Microsoft, wro the software which enabled the Altair understand the BASIC language. The fo lowing year, Gary Kildal released CP/M the operating system which drove micr computers for years before Microso came up with MS-DOS.

1977. The year of the giants. The read to-use $595 Personal Electronic Transa tor (PET) was launched by the US-based ca culator manufacturer, Commodo International. And in April the same yea the Apple Computer Company of Califo nia, co-founded by another college dro out, Steven Jobs, in his garage, followe

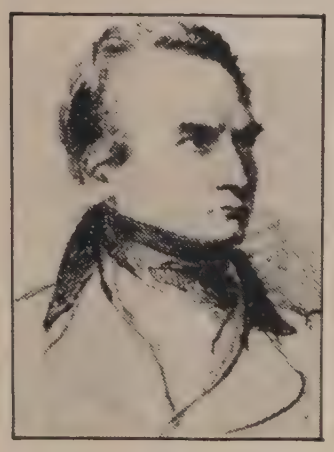


p with the wildly successful and path reaking $1,300 Apple II Computer. In the ime year, parts retailer Tandy Radio nack introduced its TRS-80 PC. From ien on, there was no looking back.

Big Blue and others of its ilk, like DEC, ad realised that small was beautiful. They eated models scaled down from the ainframes in an effort to mobilise the ry market Commodore, Apple and andy had jumped the gun to. But soon ough, they also realised that the market as too enamoured with the offerings of e brat pack led by Jobs and his Apple II. change in tack was needed.

The man watching these developments ost keenly within IBM was Willaim owe. He was convinced that IBM had to velop a completely new design if it were to re-assert itself in the computer market. Against considerable opposition, he also managed to convince IBM's management, who wanted to know how long he would take to do that. At a stormy meeting, Lowe said, "I think we can do it in a year."

At IBM's Boca Raton Laboratory in Florida, Lowe and his team of 12 had a working prototype ready within a fortnight. More important, Lowe and his 'dirty dozen' decided to follow a policy of 'open architecture', whereby every component that went into the new computer on the production line — besides Intel's 8088 microprocessor — would be bought from the lowest bidder. The necessary software was going to be written by outsiders. Also, the computer would be sold through retail computer chains and not IBM's exclusive retail network. There was strenuous opposition but Lowe's basic design and plan were approved by the then IBM chairman Frank Cary and the management.









Babbage, Esteridge, Gates and Jobs (clockwise from above): **founding fathers**

To Phillip Donald Esteridge, certified computer tinker, fell the responsibility of taking Lowe's Project Chess, as it was named, to fruition. Not only did he have to contend with the hair raising deadline, but also with other irate IBMers unused to having to bid to supply parts for a computer being built by their own company.

Some IBM plants in other parts of the US did manage to put in bids that were accepted, but most of the components came from companies like Intel, the Tandon Corporation, Zenith Electronics, SCI Systems (all of the US), TRL (Taiwan), and Epson (Japan) — the last two for monitors and printers, respectively. Bill Gates and Microsoft were contracted to write the operating system for the computer.

By July 1981, Don Esteridge and his group had pulled it off. Brandnamed rather unimaginatively as the Personal Computer, and hence PC, the computer was ready for the big launch on 12 August 1981 at New York. The media and computer trade positively gushed over the new machine; one retailer said, "IBM is putting its stamp of approval on the microcomputer — that means the microcomputer is here to stay." Truer words were never spoken.

Lowe's instinct had been right. He knew the market was thirsting for something like the PC, but he had no way of knowing what he was triggering off. By 1983, IBM was producing close to 50,000 PCs a month and yet not meeting the demand, and Apple and Tandy were benefitting from the residual demand.

Besides, Lowe's open architecture meant that just about anybody could open up an IBM PC, find out how it worked, buy the parts from the same suppliers, and put together a PC of his own. There were copyright hassles to be thought of, but where there was a will, there was a way through reverse engineering (you know what the instructions do, so you work backwards to how they are coded and embedded).

Compaq Computer Corporation, founded by Rod Canion, an ex-Texas Instruments engineer, in 1982 for precisely this purpose, was the first of the brash newcomers. With the launch of its Portable PC within a year of startup, Compaq set off the clone explosion in the world. Soon everyone was into the act. From upstart Silicon Valley backroom operations to vast, organised factories in the Far East.

It was the latter that triggered off the explosion in India too. At that time, there were no manufacturers in the country

geared for the PC market. Existing manufacturers were offering clunky CP/M based microcomputers, like HCL's Workhorse, priced anywhere between Rs.3 and 5 lakh. And then, almost by accident, the first 8088 based PC found its way into Bombay through Minicomp — price tag: Rs.1.5 lakh. That left potential buyers gasping, but the race was on.

Over in California, Steven Jobs had been busy too in the meanwhile. He and his irreverant and distinctly anti-establishment group of developers, including the brilliant Bill Atkinson, over at Apple Computers had worked round the clock to develop an improvement over the Apple II. The result was the absolutely stunning $2,495 Macintosh, unveiled on 24 January 1984.

Later that year, Intel came up with its 80286 microprocessor, the fastest till then. And IBM promptly incorporated it into a new breed of PCs which it called the PC AT, which was three times faster than the original PC. But there were mechanical and other glitches and IBM didn't quite make the grade with this machine. Its market share slipped from 63 per cent that year to 40 per cent in 1986.

A number of computer companies in India had realised by then that the future lay in PCs. A ready source of components was developing literally next door in Taiwan and computer awareness was growing by leaps and bounds. Soon there were a range of PCs, high priced though they were, in Indian computer stores like Computer Point. DCM Data Products, ORG and the Zenith-Aurelec combine were all onto the PC game by then. But it was in late 1985, that Shiv Nadar and HCL shook the industry with the launch of their Busy-Bee PC. The price wars had started here too.

It was the same over in the US and the rest of the world. When Intel had released its 80386 processor in 1984, Compaq beat IBM to the market by incorporating it into its Deskpro 386 PC. And three years later, when Intel released the 80486 chip, neither IBM nor Compaq was the first to release 486 based machines; instead there were names like ACMA, CompuAdd, Mitsuba and Syntrex, among a couple of dozen others.

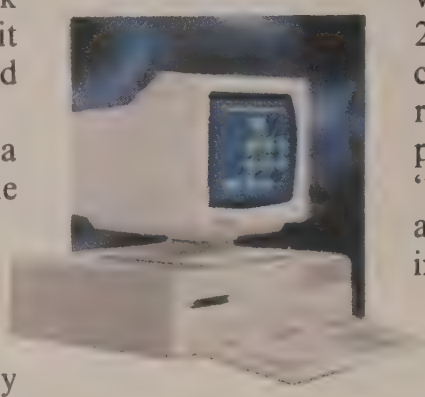
All the while, prices kept coming down; but so did Big Blue's share, which dropped to 17 per cent by 1990. Even it's Personal Systems/2 range of computers, introduced in 1987, with a proprietary architecture and incorporating Microsoft's new Operating System/2, or OS/2, couldn't break



What NeXT?

the back of the slide. In fact, PS/2 was a resounding flop.

In India too, the computer market was caught up in a frenzy of new products, newer features and lower prices. Sterling Computers of Madras, which launched the well regarded Siva PC in 1987, was one of the prime architects of the second price shakeout. The high point, or low point if one prefers, of the price wars was the Rs.10,000 People's PC offered by ET&T. These computers failed, and the Rs.10,000-mark went back into the realm of hopes, but it caused every other established vendor to cut prices swiftly.



Devaluation has thrown a monkey wrench into the works since; yet a PC from a reputed vendor can be had today for less than Rs.25,000. And the Indian PC market, currently valued at about Rs.500 crore, grows at a little over 20 per cent a year.

It is PCs, PCs everywhere but not an IBM original in sight. The one factor that got IBM out of the mainframe morass and back onto the top of the pile, — ie, open architecture — is the factor that has caused its market share to erode in the first place. While its partners in the 1981 success, Intel and Microsoft, are now purveyors of virtual monopolies in their fields, IBM finds itself brawling in the market with a rumbuctious bunch of clone makers, some of whom have cut prices to 30 per cent of IBM's.

And therein lies the nub of future development of the PC. While, on the one side, Compaq and a clutch of 60 other cl makers are bent on breaking the IB Intel-Microsoft standard for PCs, the gets themselves are now devising their c strategies to counter the threat. Proba the most stunning development of all in cent times was the alliance announced b ween IBM and Apple on 3 July this ye This came after Big Blue and Bill Gates out over the failure of OS/2 and Gates p moted Windows 3.0, a user friendly gra ical interface approximating the metho the Apple Macintosh, on his own.

Chairmen John Akers and John Scull of IBM and Apple respectively, have re ised that the PC of the nineties is son where between the promise of the IBM and the user friendliness of the Macinto They also know, from experience, t computer users, for all their dreams o brave new world, resist a total changeo from what they are used too. Therefo the as-yet unclear agenda is to build machine that will not upset any carts b fit in smoothly with the current scheme things.

Having said all this, a realisation creeping in among the big guns in the dustry worldwide, that the PC has n managed to improve productivity as mu as it should and could have. Ashok Ja CEO of homegrown ICIM, tells us frightening statistic; he figures that b ween 65 and 75 per cent of t 200,000 PCs installed in th country are being used as gl rified typewriters. Even A ple's Sculley admits tha "there has been no measu able increase in productivi in the past decade."

But computer bu continue to be dazzled the rapid fire developmen in their mad, mad worl Multi-media (linking audio, vide graphics and text), pentop PCs (after t laptops) and voice recognition are only b three of the more exciting promises for t nineties. The dividing line between wo and play gets thinner by the day as peop hook up their telephones, fax machine telexes, TVs, CD players, synthesisers, a what have you, to get more and more o of the PC. Maybe next year it will be th toaster, and the year after, the food pr cessor. Who knows? As Sculley told *Bu ness Week* recently, "We have been raci to get to the starting line. The really inte esting stuff begins in nineties." And tha after ten years of the PC.

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Bonanza at last

Many dismiss the event as a political gimmick, but the owners appreciate the return of their jewellery

May 1961. Antonio Rosario Joao, pledged his wife's wedding jewellery – a gold chain, pendant, locket, ring and necklace — for 1,800 escudo, that is, for paltry Rs.300, at the Panaji branch of he Banco Nacional Ultramarino (BNU). t the time, Goa was a Portuguese colony nd BNU was Portugal's national bank in oa with four branches — in Panaji, lapusa, Margao and Vasco.

Similarly, 61-year-old Menino Aleida pawned his wife's gold ring, penant, necklace, brooch and a gold coin r 1,080 escudo (Rs.180) at BNU's Panaji anch in 1960. Octogenarian Joyce Perra pledged a chain, pendant, earrings nd four bangles in 1958. And Lodovina ias, of Raia village, in south Goa, mortged her gold necklace for Rs.100 at U's Margao branch.

The Goans had given up their family wellery as lost, when BNU shipped away e gold to Lisbon in the week preceding oa's liberation from Portugal in Dember 1961. Today they are a jubilant t as the Indian government has maned to retrieve this gold. "We are unoubtedly happy to get back our family wellery," says Almeida, a former BNU ofial, who recalls working frantically rough several nights packing the jewelly, his own as well, to be sent to Lisbon.

For once, the Indian government's perstence has paid off. Years of neogitaons have failed to reclaim historic easures like the Kohinoor diamond, the acock throne and the sword of Tipu ltan from various countries where they d been carted away by bygone inders. This time, the government has anaged to recover the gold of the oans.

Known as the "Jewels of Goa," the ld ornaments, weighing 280 kg, and rrently valued at Rs.10 crore, reached dia on 3 August, 30 years after being nt to BNU's vaults in Lisbon. Goan famis from the lower to middle income. oup had deposited the gold as collateral r the short-term to tide over straitened mestic circumstances. Only a few had pt it in the bank for safe-keeping.

Talks on reclaiming the gold began in e early eighties. Diplomatic ties between the two countries had resumed in 1974. However, though the Portuguese had agreed to return the ornaments four years ago, administrative hurdles were cleared only recently. The driving force behind the negotiations was Eduardo Faleiro, the minister of state for external affairs. Says he, "It was a major issue for me because a large number of people affected by BNU's move belonged to my constituency, south Goa. No one likes to part with their valuables." But they managed to convince BNU about its duty to return the ornaments.

BNU's cooperation cannot be overlooked either. While the claimants were convinced that the gold was gone forever, a former BNU official, also a Goan, was certain it would be returned. "The gold," says he, "was shipped away only as a security measure. BNU officials feared it would be looted during the independence struggle." Moreover, BNU's good intentions are evident from the fact that about 1,000 Goans who either took their receipts or sent power of attorneys to their relatives in Portugal, were able to redeem their jewellery, he adds.



However, it was with the State Bank of India's help that the gold finally arrived in India. How come the RBI was not involved? "RBI has no banking business," explains V.K. Agrawal, general manager operations, SBI Bombay, "So SBI, as India's largest bank, handled the transaction." Besides, since Goa's liberation, a senior SBI official has been serving as custodian of BNU's accounts. Interestingly, SBI's main branch in Panaji is housed in the building that was originally BNU's Goa headquarters.

The $47,348 (Rs.12 lakh), paid by SBI to BNU includes the original loan amounts and interest charges, which will be recovered from the claimants. BNU has been generous in charging only a minimum interest. Goans, owning any of the 5,551 jewellery pieces returned in the collateral category, have to pay, apart from the original loan amount, only 4 per cent interest for five years plus a 6 per cent service charge to the SBI. For instance, on a Rs.100 loan, a claimant will have to pay only Rs.126. On the remaining 33 trinkets placed in safe-deposit vaults, a 7.5 per cent service charge will be levied. The Rs.10 lakh spent by SBI on shipment, however, has been written off "as SBI's goodwill gesture for Goa," says Agrawal.

Reportedly, BNU's loan records have been lost. Consequently, problems are foreseen in disbursement, to begin on 16 August when the seals will be broken on the jewellery, preserved in its original 30-to-35-year-old wrappers. Names and jew-

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lery descriptions have ded on some packets. the original receipts re lost, claimants will ave to accurately de- cribe their jewellery. nd if the original wners are deceased, in- eritors will have to rove their bonafides. Whatever is unclaimed, ill remain in SBI ustody.

Despite these prob- ms, however, there is ope in the hearts of the wners. Octogenarian oyce Pereira, who had orrowed from the ank in 1958 to pay for me house repairs and er daughter's mar- age, says she is "very happy". She had, e remembers, pledged a chain, a pen- ant, earrings and four bangles, all of hich she herself had got when she mar- ed. "Now, I intend to sell it and enjoy e last few years left in my life!" she says. My children are doing well for them- lves, I don't have to give anything to ybody."



Photos: Indira Khanna

Joao: waiting for his gold to come back

At the other end of the spectrum is another old woman, who does not want to be identified. "Who knows when we will get our gold back?" she says. "You know how the government works — to clear a paper from one table to another they take days, and to get my own gold it may take ages. And how much will they extract from me for that?" Naturally, she is one of the many who "don't remember how much gold there was — you know, it's ages since we kept the gold in the bank's custody!"

The return of the gold has also paved the way for stronger Indo-Portuguese ties. Bilateral trade as well as joint ventures and collaborations in tourism-related areas and other industries are expected to gain. "Portugal," adds Faleiro, "will also be a gateway for India into the EC in 1992." The Portuguese president, Mario Soares, is expected to grace the Republic Day celebrations in India next year. Permission is being sought to open a Portuguese consulate and cultural centre in Goa — a counterpart to the one in Lisbon catering to the 100,000 residents of Indian origin.

Many locals, meanwhile, dismiss the gold retrieval event as a political gimmick. On the other hand, the owners undoubtedly appreciate the return of their jewellery — both for its sentimental as well as monetary value. And while the first thousand took a circuitous route to recover their jewellery from Portugal, for the other 2,500-3,000 Goans, their pots of gold have arrived at their doorstep!

■ INDIRA KHANNA

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PHARMACEUTICALS vs REPRESENTATIVES

No-win situation

Medical representatives are up in arms and managements have to cope with organised unions

At Cipla Ltd, on 1 June, the field staff (prodded by two unions) went on strike, feeling insecure because of a possible 'elimination' of the role of medical representatives. The strike is going on and despite the management's refutations, come August, Cipla is heading for a possible shut down.

And Cipla is not an isolated instance. "Medical representatives' unions have, during the past one year, begun to hold managements to ransom," says a senior manager at Lupin Laboratories. There are widespread reports of violent incidents against managers, in return for perceived persecution on the medical representatives' part. Managers, when visiting territories without the prior 'permission' (a 10-day notice is mandatory) of the medical representative in the area have to bear the humiliation of insults and physical assault.

Are they workmen ?

The crux of the problem relates to medical representatives being classified as workmen. Medical representatives, under the umbrella of the amended Industrial Disputes Act (in 1984) and Sales Promotion Employees (Conditions of Service) Act (in 1987), have raised numerous demands. It is pertinent to note that the amendment in the Sales Promotion Employees Act was made particularly with reference to medical representatives. Therefore, the medical representatives — now classified as workmen —are protected from arbitrary transfers or being sacked.

The emergence of the CITU-affiliated Federation of Medical & Sales Representatives' Associations of India as the major 'negotiator' has been all the more unsettling for company managements. The FMRAI, today, claims a membership of 25,000 of which a majority are medical representatives (who altogether number an estimated 40,000).

D.P. Dubey, FMRAI's general secretary, says that the union has, for the first time, brought together medical representatives operating from isolated parts of the country. However, because the FMRAI is adamant that it will not share a common platform with 'a puppet union' (as in the case of Cipla Field Workers' Union), no dialogue has been possible. Meanwhile, Cipla has suffered a sales drop during the last three months, accompanied by a spate of resignations from managers. Of its 325-strong field staff, about 200 medical representatives are FMRAI members. The Cipla management claims that it was the medical representatives who decided to boycott the bi-monthly cycle meetings.

The affected include veterans in the field. D.B. Talukder from Katihar in Bihar, who has put in 27 years with Cipla, complains, "Our current salaries are not commensurate with the growth of the company. Moreover, we are against the anti-labour policies of the company," echoing the sentiments of his colleagues. R. Bose of Calcutta, with 18 years' experience, claims that he has been suspended from the company recently. N. Rajagopalan from Tehri Garhwal, who put in 15 years' service, says he was transferred, upon which he joined the strike.



Talukder, Rajagopalan and Bose: "against anti-labour policies"

Charter of demands

The charter of demands, raised by the two unions at Cipla, comprises restrictive practices such as notice for joint work of managers, obstruction to manager's independent work in a medical representative's territory, resistance to improvements/changes in reporting system, accounting for samples/gifts of promotional items, non-adherence to work related instructions, limits on customer calls, non or partial implementation of promotional programmes and not sticking routine development progress reports.

Starting emoluments, at least in large multinational companies (Rs.3,500 and above), are attractive. But not so in the smaller companies. Medical representatives generally hail from middle class families and conduct a boring if not tedious chore. They do not have a feeling of belonging to their companies, as they rarely come into contact with any of their colleagues. Their customer calls involve waiting for long periods to get a few minutes with doctors who treat them with disdain and often call them at odd hours.

With the FMRAI claiming to have concluded "deals" with 25 pharmaceutical companies, the union has gathered enough support to call the shots. Medical representatives, hitherto a humble lot, now have the strength to be more assertive. Says Homi. R. Khusrokhan, director, pharmaceuticals division, Glaxo India Ltd, "It's a no-win situation. Just as medical representatives are realising the powers of union support, company managements will have to learn to deal and cope with organised unions."

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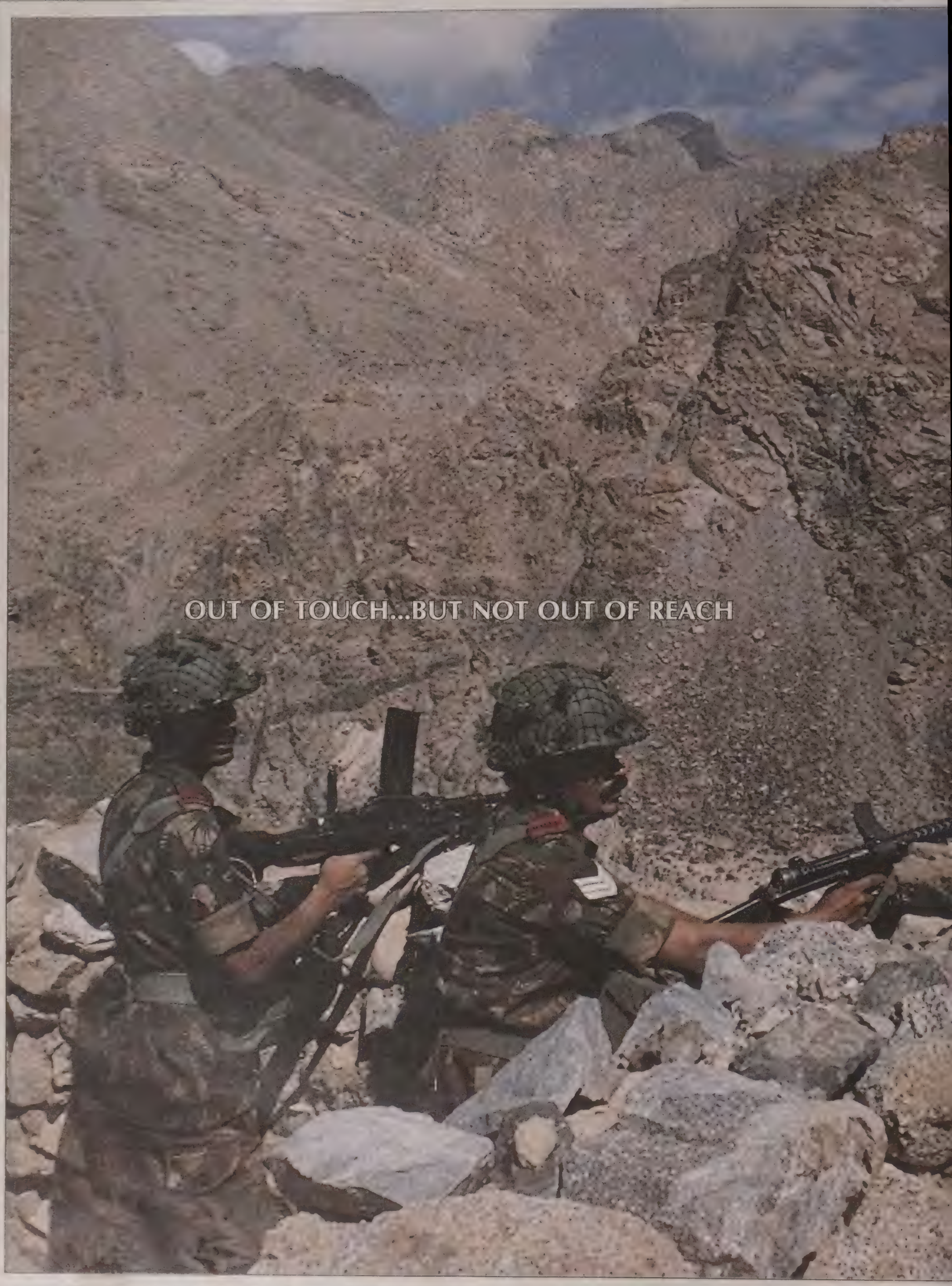
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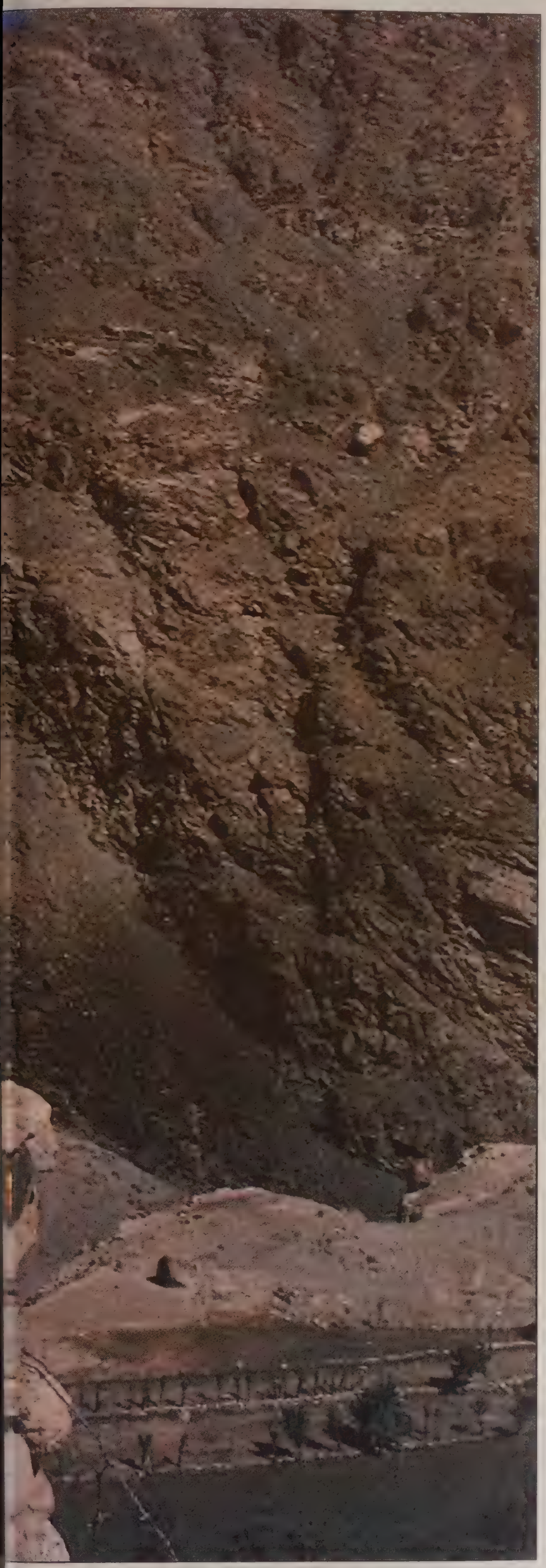
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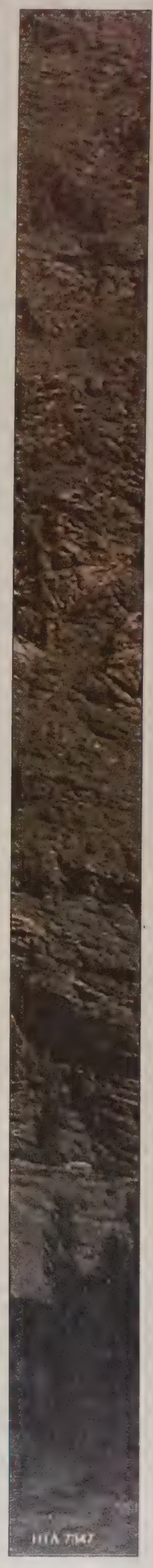
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B.G. SHIRKE GROUP

Against all odds

Rags to riches: there's no other way to describe the story of the founder-owner of this successful Pune-based construction group

When the B.G. Shirke group signed an agreement with Potain SA of France a while ago, it immediately became a hot topic of conversation in corporate circles. The reason: under the terms of the agreement, this Pune-based company will manufacture and export a wide range of tower cranes to ASEAN countries. This will enable the Shirke group's turnover to cross the Rs.100-crore mark during 1991-92, with exports exceeding Rs.25 crore. For B.G. Shirke, chairman of the group, the Potain tie-up is only the latest development in a life already full of dramatic ups and downs. A successful industrialist today, he has come a long way from his poverty-striken childhood. Hailing from a poor agricultural family in a tiny village, three miles from Wai in interior Maharashtra, Shirke completed his matriculation in 1936 despite many difficulties. He then came to Pune, where he joined Fergusson College.

"I used to serve food in a canteen in order to pay my college fees," recalls Shirke. By 1943, he had graduated as a civil engineer from the College of Engineering, Pune. He then worked for a year, though what he really wanted, right since his days in college, was to form his own company. In 1944, he managed to do just that when he set up Supreme Constructions.

His first major contract, worth Rs.9,000, was for the supply of labour. After a couple of such contracts, Shirke landed a sizeable construction contract worth Rs.6 lakh for the Kolhapur jail. Shirke, who didn't have a paisa to his name then, borrowed about Rs.1 l from his friend, J.N. Marshall, a Pars dustrialist to complete the jail work. return, I paid him an interest of 6 per and 50 per cent of the profits," Shirke.

He then changed the name of his c pany to B.G. Shirke and Co, becam sub-agent of J.N. Marshall Co and s ted selling Skoda engines, tractors, ro rollers, etc. This phase however ende 1951 when the Kirloskars started mak these engines and machines indigenou So Shirke took to contracting in a way.

Ironically, the first contract that bagged was to build the Kirloskar Pr which he completed in just four mont From then on he won the contracts building for not only all the Kirlos companies in Pune, but also others l Bharat Forge, Alfa Laval, Sandvik A and Kanthal India Ltd. Says Ar Kirloskar, chairman of Kirloskar Cu mins, "The first phase of our factory w constructed by B.G. Shirke & Co m than a decade and a half ago, and never had any problems with their co struction. The quality of their constru tion is excellent."

In the meanwhile, Shirke was co stantly in search of new methods a technologies because he believed that t conventional civil engineering metho were outdated and obsolete. His friend Lars Dejoung, the then managing dire tor of Sandvik, and S.L. Kirloskar, e couraged him in his quest and in 196 Shirke toured four European countri armed with letters of introduction a references from Kirloskar and Dejoun In fact, Dejoung personally took him Sweden and introduced him to people Internationella Siporex AB of Sweden.

There Shirke saw the Siporex pre-fa factory. He also went to German France and England to look at oth technologies available there. After co sidering various options, Shirke chose t Siporex technology, which he felt was t leader in pre-fab construction. T Siporex technology involves the manu facture of light-weight, high-strengt concrete building blocks, roof panels a wall panels. It was in use in 40 countrie which meant that the technology wa proven.



Shirke with sons Ajay and Vijay: adopting revolutionary concepts

By February 1972, the Shirke-Siporex ant went onstream but by the end of 974, the company ran up losses amount- g to Rs.1.52 crore. The reason was that e plant was operating at 20 per cent pacity while the break-even was 66 per nt. In other words, there were no takers r Siporex. Says Shirke, "By adopting is technology, all that is left is to assem- e the components at the site. This is a volutionary concept and it leaves little ope for manipulation and corruption. nat is why Siporex technology faced tre- endous opposition in India, hile it has been accepted ound the globe."

When Pratap Shirke, BG's el- st son, returned from Stan- rd with an MBA in 1973, he dvised his father to look for rerseas markets, especially in e Gulf. This the company did d it proved to be a life-saving p for B.G. Shirke, when he nded a huge Rs.18-crore or- r from Dubai. From then on, r the next seven years, the irke group executed orders rth a whopping Rs.477 crore Dubai, Saudi Arabia, Ye- n, Kuwait and Iraq.

However, by 1982, the Gulf om began tapering off and e Shirke group had to look mewards again. But even ne years later, there was much istance to the Siporex tech- llogy. Shirke made several presentations to the govern- nt at various levels, right from the te's chief minister to the Union cabinet d the prime minister. He pleaded that tender system went against his kind of hnology, and that 5 to 10 per cent of civil works should be reserved for un- nventional methods, like Siporex, to e it a chance to survive.

Nothing happened till 1984, and rke's three sons advised him to close wn. Totally fed up, he made an appli- ion to the then chief minister Vasant- da Patil to allow him to close down. t Patil didn't agree and instead appoin- a high-level committee to look into matter.

The committee decided that it was fair reserve 10 per cent of the civil works for mpanies like Siporex, with unconven- nal technologies, provided the com- ny did not make a profit of more than 8 cent. To ensure this, the company uld be subject to audit by the Auditor General of India. Shirke accepted these conditions and gradually the turnover of his group, which had fallen to just Rs.5 to 6 crore in 1984, rose to an impressive Rs.76 crore by March 1991.

During this period, the Shirke group expanded rapidly and signed several collaborations: with Polynorm NV of Holland for manufacture of sheet metal, doors and windows; with Minato of France for concrete block-making machines and concrete mixers; with Read Systems Inc, US, for making silos for foodgrains, graders and pre- and post-harvest equipment. The group also diversified into paper manufacturing; a separate unit was set up for this at Shirwal near Pune.



Shirke plant: overcoming resistance to show impressive growth

Ajay, youngest of the Shirke sons and managing director of the Shirke Paper Plant, says, "This plant contributed Rs.18 crore to the group turnover of Rs.76 crore during 1990-91. Right now we are modernising the paper mill to manufacture high value-added products under licence from Clupak Inc, US. This will also raise the capacity from 17,000 to 23,000 million tonnes per annum."

Vijay, the second son, is the director of B.G. Shirke & Co. He looks after the Shirke complex at Pune along with his father. According to him the tendering system in India should be replaced by a turnkey contract system. He is quite upbeat about the Potain tie-up. "We were the first to make tower cranes in India and now we are the first to export them." Potain is a world leader in tower cranes, and out of its 18 collaborators worldwide, the B.G. Shirke group alone was selected for exports.

Today, the Shirke group employs 9,000 people, has an asset base of Rs.22 crore and ongoing construction at 30 different sites all over the country. The Shirkes have 13 offices spread across India and orders worth about Rs.200 crore in hand. So far, the group has constructed more than 100,000 tenements, not only in India, but also abroad. It has also exported Siporex to Japan, although there are 16 Siporex factories in Japan, which speaks volumes for their quality.

Says R.R. Bhavare, chief executive officer of the Pimpri-Chinchwad New Township Development Authority, "The Shirke-Siporex group has built 6,500 tenements for us since 1986, and the speed with which they have worked simply cannot be matched. It has to be seen to be believed. The quality is also good and we are continuing to rely on them."

Shirke is optimistic about the future of his companies. He hopes that in the next five years his exports will triple and turnover will rise to Rs.300 crore. If his group continues with the same innovative zeal it has displayed all these years, there is nothing to prevent Shirke from reaching his goals.

■ ROOP KARNANI

A.B.C. FARMS

In a different mould

A dairy farm near Pune is spearheading a cheese revolution in India with its exotic fare

If your thoughts waft to Amul when you say cheese, think again. Indeed, the cheese connoisseur today can decorate his cheeseboard with a delectable array: Feta, Mozarella, Berg Kase, Camberzola, Parmesan, Camembert, Gouda, smoked cheese, Himalayan Yak, a black pepper encrusted cheese that perfectly replicates a Boursin, and a cream cheese that replicates Philadelphia Cream. Though Amul still enjoys top position, excellent varieties of cheese otherwise imported from Europe, are made in India today.

Spearheading the cheese revolution in India is A.B.C. Farms Pvt Ltd. On 27 acres of emerald, rolling countryside at Dehu Road outside Pune, Sohrab Chinoy, a German-trained dairy technologist and director of the concern, along with his German microbiologist wife Marlena, supply 3,650,000 litres of milk yearly, and convert almost 30,000 litres into cheese, cheese spreads and value-added milk products, such as 11 varieties of yoghurt, ghee, mineral water and a lemon flavoured *lassi* called Lemsi.

Established in 1976, A.B.C. Farms today employs 70 workers, and has a turnover of about Rs.75 lakh. And its products are distributed to select supermarkets, shops, hotels, flight kitchens and private buyers in Bombay, Pune, Delhi, Madras, Goa and Hyderabad.

"It hasn't been easy," says Chinoy ruefully, recalling the dicey early days on the farm. In 1976 Chinoy had started with two employees and 14 head of cattle that cost Rs.3,500 each. Today, there are a hundred head of cattle, each costing upwards of Rs.10,000.



Chinoy with a display of prime cheeses: believes in fresh stuff, not cans

A.B.C. Farms has acquired two shops and a dairy which houses cold rooms, a research wing, a microbiology laboratory and rooms for maturing cheese. The import of sophisticated machinery has seen inevitable delays. Still, in addition to German turn-of-the-century moulds, the dairy boasts a pasteurising plant to increase the shelf life of products and a vacuum packing machine. For Chinoy believes in fresh stuff. He has never canned his cheeses and never will.

Chinoy is clearly happiest in his lab coat, helping create micro-organis testing cheeses for fat and ensuring t peratures for maturation. He is hard to endure the hazards of running a flu ating business based on perishables can never project quantities. A h might pick up 300 kg one week — then, nothing for months. But we hav milk cows, transport milk or conve before it spoils. The reason I haven't panded is because I cannot stomach attendant problems of coping with tributors and transporters".

As for marketing, Chinoy's appro defies conventional wisdom. He will advertise — a brown and white Jersey hoardings atop his dairy and two shop Pune are the only concessions. Nor he visit potential customers to sol orders.

Not surprisingly Chinoy subscribes the small is beautiful philosophy. T ensures quality control and enables h to make cheese to suit individual tast Health shops, for example, can order l fat, no salt cheese — and those who wa a full-bodied, mature flavour can orde ... complete with worms, as an Itali family had once done.

In keeping with the times, A.B. cheese is strictly vegetarian. Rennet, t second ingredient in the manufacture cheese, the first being bacteria, is an e zyme traditionally obtained from t stomach of a new born calf. At A.B. Farms, though, wheat rennet, distill from a fungus culture on wheat in co trolled conditions, is used. Imported fro Germany, the wheat rennet is the only i port component in the product.

Exotic varieties of A.B.C. cheese ret for Rs.150-250 a kg; the others range be ween Rs.50-150. (Amul retails for a proximately Rs.107, Vijaya for abo Rs.102, per kg). Says Chinoy: "Our cos are as low as they can be; we face sti competition from established brands as well as government dairies like Mafc whose cheese retails for as low as Rs.(a kg."

Now Chinoy says growth is inevitabl On line is a move to offer consultancy se vices to those interested in starting the own dairy farms. Despite the existence established brands, A.B.C. Farms ha matured enough to carve a niche for itse in India's cheese bazaar.

■ MRIDULA MALUST

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CHAIRMAN'S STATEMENT



It is with a feeling of great pride and confidence that I am presenting to you this milestone Directors' Report and the Annual audited statement of Accounts for the year ended 31st March, 1991. I say this because our strategy to grow exponentially using synergistic advantages has borne fruit with two modern textile manufacturing companies amalgamating with VSL. I had emphasized in the previous year about the positive growth of VSL, and today I would like to reiterate that your Company has kept true to all its commitments as a growing company, reaching newer heights today and tomorrow. Sales was Rs. 12.32 crores, an increase of 16.28% and gross profit Rs. 1.23 crores, an increase of 45.76% relative to that of the previous year. Net profit at Rs. 0.44 crores was higher by 4.02% compared to that of the previous year's. The board of directors are pleased to recommend a distribution of dividend this year also, looking to the rapid development the Company has achieved. For the coming years too, I am confident of an excellent growth in revenues and profits as the Company has on its agenda various projects that have targets towards expansion and diversification.

During the year under review, although we witnessed socio-religious disturbances followed by major political instability in the country, we are now hopeful of a stable and growth oriented economic scenario. To avail of the opportunities provided by an expanding economy we are busy strengthening our own infrastructure. By virtue of the amalgamation, the Company's base has been strengthened and we are now set for an accelerated all-round growth. In keeping with the strategy of vertical diversification, your Company has taken up the project work for the installation of a hi-tech process house at Tarapur, Maharashtra. Project cost would be around Rs. 4.1 crores, which will be met by term loans from financial institutions and a rights issue of partly convertible debentures. The Company in the near future will come to you with the rights offer which I am sure will be very attractive to you.

The domestic market for textile is becoming increasingly competitive and only those with definite marketing strategies and specialised products can survive. Realising this, VSL is busy shuffling its product portfolio and moving towards more value added products and targeting the fashion-oriented higher end of the market. The recent advertisement campaign on the national network and the improved presentation of the annual report bear testimony to the fact that we are very keen to project this new high profile image of your Company.

In today's changing world it would be short-sighted and myopic for any company in India to confine itself to merely meeting the requirements of the local market. Enterprises in India need a global vision and should condition themselves to providing goods and services of international standard, prerequisites for competing in the global market place. VSL's export division has grown at a faster pace as compared to the previous year's growth and this trend shall definitely continue. High value added products, a strong marketing and distribution network and the opening of the export market for VSL's products spell growth and profits for your Company.

To conclude, I would like to mention that all strategies can be successfully implemented if an organisation has a dedicated workforce. The employees at VSL constitute the Company's greatest asset and I am confident that with the great talent and competence which exists in the VSL team, we will cross major milestones and continuously achieve outstanding results in the coming years. The Company is also equally proud of and grateful to other members of the VSL family, its agents, shareholders, bankers, financial institutions, depositors, debenture holders and most important of all, the growing legion of satisfied customers.

Lastly, I wish you all a very happy forthcoming year and hope our relationship shall flourish and bring happiness to all concerned.

Bombay.

RAMPRASAD PODDAR
(CHAIRMAN)

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Bearing down

The Sweden-based SKF has suffered a sharp drop in profits. In the first six months of the year, the profits of this company, the world's leading roller bearings manufacturer, fell by almost 95 per cent from Skr 1.34 billion in the same period last year to Skr 63 million now. Second quarter profits were a dismal Skr 4 million, as against Skr 622 million last year. The company, however, is optimistic about the second half having trimmed labour costs and cut production levels.

Stagnating profitability

For the first time in six years, Unilever, the Anglo-Dutch food and personal products multinational, has reported a quarterly drop in profits. At £840 million, the figure was 1 per cent lower than that in the same period last year. Unilever chairman, Sir Michael Anguz blamed the drop on "difficult trading conditions". Primarily, he meant the Gulf War, which caused a sharp decline in duty free sales of personal products. However, both food and detergents sales showed volume increases, with the latter making less profit but picking up more market share.

Panic button

The controversial closure of the Bank of Credit and Commerce International (BCCI) has had a devastating fallout; customers in some places are unsure whether they can bank on banks anymore. Witness the run on Standard Chartered and Citibank in Hong Kong last fortnight. With queues extending to 250 yards at its 114 branches in the far east financial center, Standard Chartered had to pay out an estimated HK $3 billion on a single day to panicky depositors. The scare was set off by rumours that the bank had lost its UK banking licence and had its shares suspended on the London Stock Exchange.

The rumours and speculations were set off by certain statements made by Representative John Dingell, chairman of the US House Energy and Commerce Committee. His statements even started talk that Citicorp had become insolvent, which of course the bank vehemently denied. "People should understand the facts and our position. Congressman Dingell's comments are totally untrue, irresponsible and absurd," said John Gray, vice-chairman of Hongkong & Shanghai Corporation while coming out in support of Citibank.

Standard Chartered, which has its largest overseas presence in Hong Kong, issued a statement that the lost licence report was "totally unfounded" and the rumour about the share suspension was "totally untrue". It also said that the statement had been issued with the full knowledge of the Bank of England and the London Stock Exchange.



BCCI update

The aftershocks of one of the world's most publicised banking scandals are still rolling in as 'new information' is made public every day. An uncensored version of the Price Waterhouse report, obtained by the *Financial Times* of London, implies that Ghanem Faris al-Mazroui, head of the department of personal affairs of the ruler of Abu Dhabi, was aware of the fraud. The royal family of Abu Dhabi is thus implicated by association.

There is a conflict between the US house sub-committees that are looking into the matter, and the Bank of England. While the US authorities are demanding certain documents that the bank possesses, the latter is reluctant to hand them over on the grounds that it would undermine the confidentiality it mantains that allows "whistle blowers" to approach it without fear of later exposure.

Bowing out

Rover Group, the UK car maker, and Peugeot of France will bow out of the American car market. Rover is moving out in the face of continuing heavy losses and falling sales whereas Peugeot's withdrawal has been prompted by the failure of the company's 405 model sedan to gain a significant share of the US market.

Rover had been planning an ambitious re-launch in the US with a revised range of executive cars next spring. But now, the company has decided "to concentrate on European and other markets". Meanwhile Peugeot, which makes both the Peugeot and the Citroen, blamed the competition between the American and Japanese automakers for the failure of the 405.

Largest merger

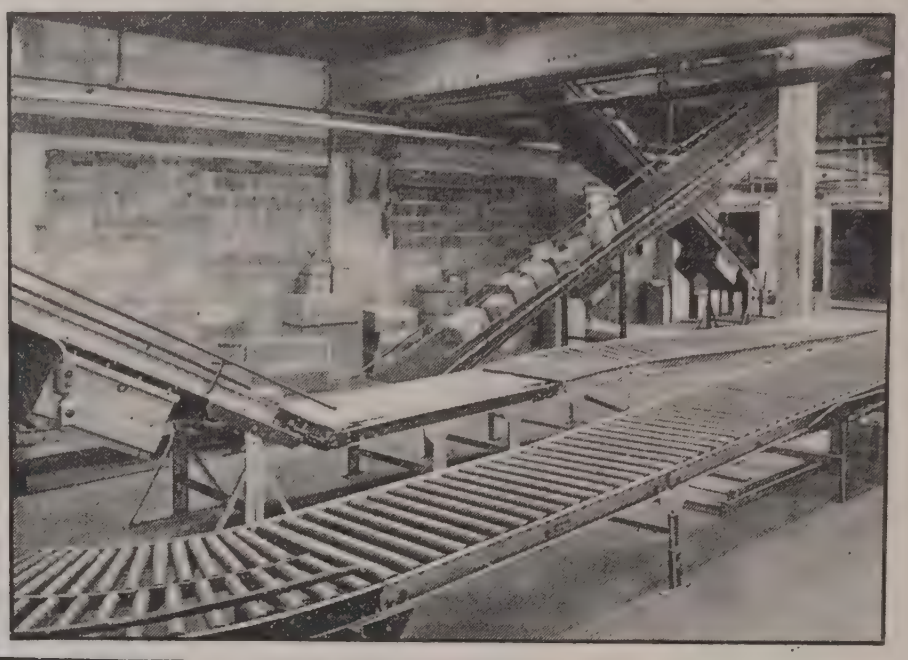
Bank of America and Security Pacific, the second and fifth largest banks in the US, will merge in what will be US banking history's largest bank merger. The $4.3 billion merger, which will make them a regional powerhouse across the American west, has been prompted by a need to cut costs and by proposed legal changes which will make it easier and more profitable for banks to operate across state lines.

Damages litigation

KPMG Peat Marwick, the UK's second largest accountancy firm, has agreed to pay £40 million ($6.4 million) to Ferranti International as settlement for damages litigation brought by the latter, an electronics company. This had come in the wake of Ferranti's disasterous acquisition of International Signal & Control, a former Peat Marwick client. The payout is the largest payment ever made by a firm of UK accountants to a single plaintiff.

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OCKMARKET REVIEW

caling high

or the fortnight ended 10 August 1991)

	10 August	27 July	Percentage change over fortnight	year
SE Sensitive Index	1663.57	1599.98	4.0	59.0
SE National Index	796.43	774.73	2.8	48.6
ol (Rs.cr) fortnt. ended	212.11	211.61	0.2	48.4

ne market, at the start of the current fortnight, appeared likely to continue cale new peaks after its record high of previous fortnight. The Sensitive In- rose steadily to reach 1703.15 on 2 gust. However, at these exalted levels, an out of oxygen in mid-fortnight on ours of the finance minister's resigna- over fertiliser pricing combined with igh *badla* rate of 2.5 per cent per nth.

the finance minister had actually re- ed, this would have been the first such gnation on grounds of lapses in facing o reality (many ought to have re- ed in the past for such lapses). The asse, however, was sorted out with ut in fertiliser subsidy being reduced 0 from 40 per cent. Meanwhile, the ey market eased and interest rates on ntures became more liberal. These es helped the market recover by the night's end and brokers confidently icted a renewed elevation to the 1700 in August.

shield removed. A second reason for mid-fortnight fall was sales by the Trust of India. An amount of ,000 crore realised from sale of Unit me's 64 units are being redeemed at a l rate. Although net redemptions now stopped, thanks to the easing ey markets, over Rs.1,000 crore was emed primarily because of the ge in the tax law that disallows capi- osses from being used as offsets nst other income. This removed an itive corporate tax shield.

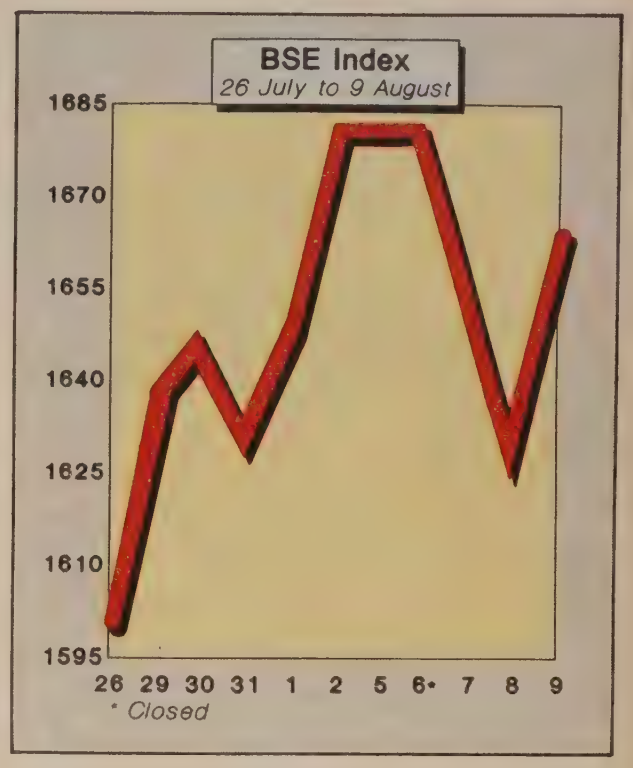
eanwhile, the decline in money mar- rates has had a positive effect on markets. According to a money er at a foreign bank, the easing of ey market rates is a seasonal phe- non arising from the RBI pumping in s for agricultural operations.

spite the eased money market, in- rs are confident that new issues of convertible debt will offer at least 16 nt for the best rated issues. In this xt, the establishment of a second -rating agency, the Investment In- formation and Credit Rating Agency (ICRA), set up by the Industrial and Finance Corporation, is eagerly awaited. ICRA is expected to start operations on 1 September and will, hopefully, offer unilateral credit rating of issues, including already-listed issues in the secondary market.

Much of the speculative interest in stocks was fueled by upcoming annual general meetings, most of which are held in August. Especially awaited are the Tata Steel and Tata Locomotive meetings in mid-August. The announcements of company performance therein will be the main barometers for the market until half-yearly results trickle in, starting October.

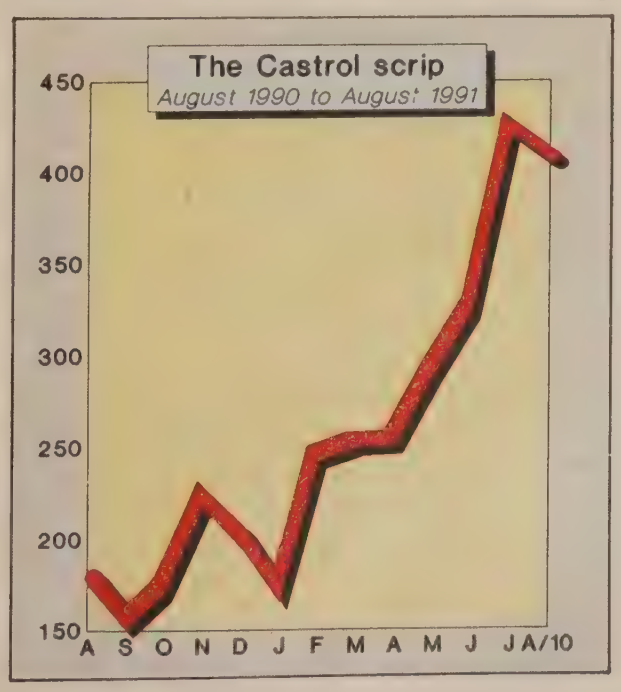
Present market expectations are that Tata Steel will announce a modest output increase and a turnover increase of about 20 per cent, although rising costs may reduce profit margins sharply. The scrip recorded a rise of Rs.4 to Rs.237, below the market's rise. Tata Locomotive is, however, expected to announce good progress in the current year. It recently announced that volume sales was up over 25 per cent in the first quarter and also recently hiked LCV prices. The scrip closed the fortnight at Rs.281.25, up by Rs.20.

The Ambani rationale. Is it in or is it out? Larsen & Toubro shareholders' meeting on 26 August will decide whether L&T is to re-enter the Ambani fold or not. However, the market strongly expects this to happen, given the usual institutional nerves and the fact that Dhirubhai Ambani will not risk laying his neck on the line this time. The scrip rose to Rs.147.50 from Rs.135 over the fortnight, while L&T's convertible debentures also rose similarly.



The possible Reliance Industries-Reliance Petrochemicals merger also made for arbitrage plays, in mid-fortnight, with speculators guessing the ratio of shares of RPL for an RIL share. Speculators bet on a ratio of 6 to 1, the price of RIL closing at Rs.176 against an RPL price of Rs.29.

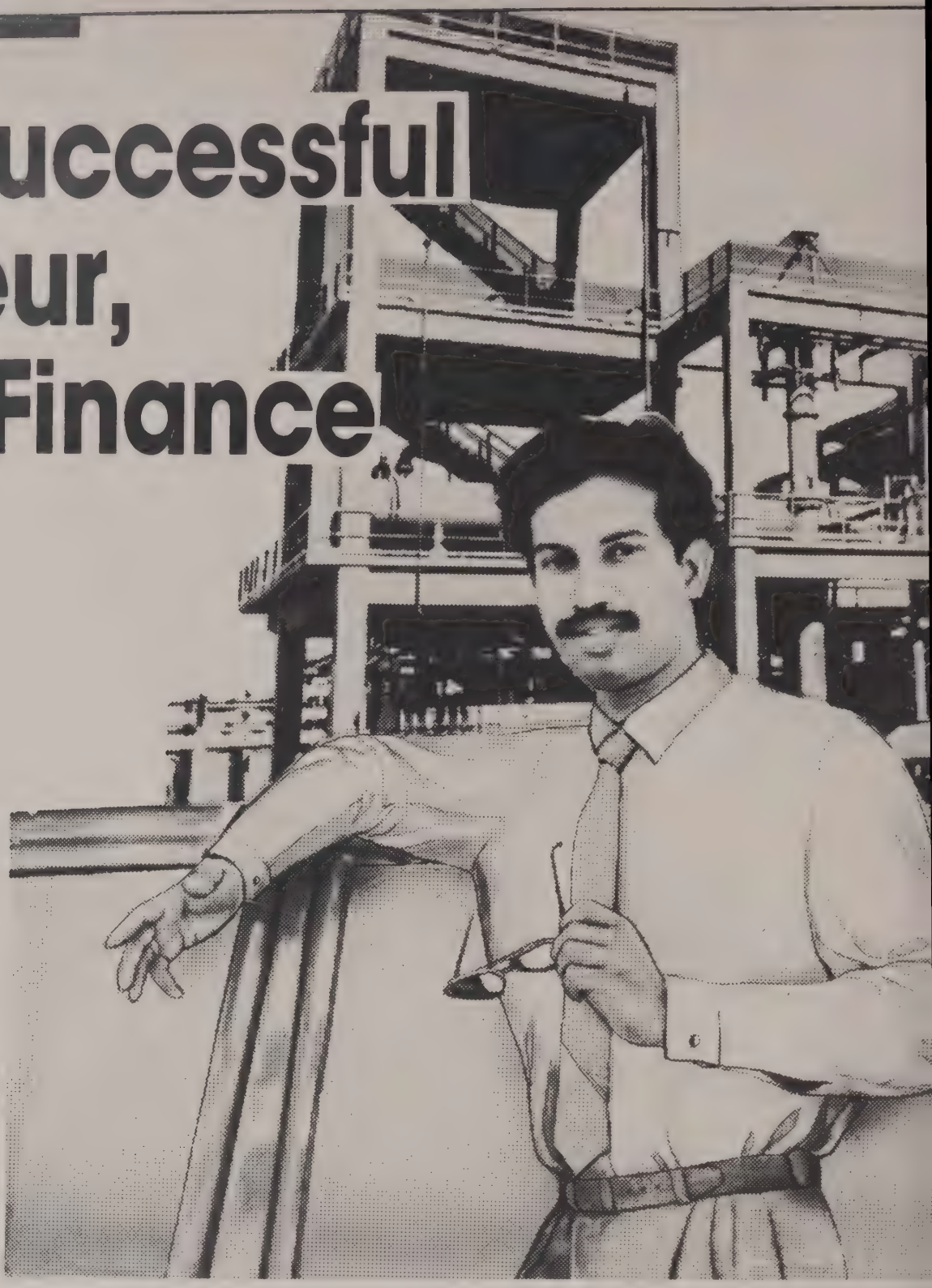
Other stray gainers over the fortnight included Mahindra & Mahindra, possibly because it is one of the few scrips that is still allowed for forward trades. The scrip closed at Rs.105, up by Rs.35. Premier Auto, up Rs.8 to Rs.54 rose for apparently similar reasons, while Castrol has been a steady gainer over the year (*see chart*).



The only short-term risks facing the market at this time are vagaries of the monsoon or of Manmohan Singh's tenure. If the winds blow right and Singh stays in the saddle, all — say brokers — will be right with their world. Have brokers ever been wrong with their predictions? This can only be answered by a counter question, have they ever been right with their predictions?

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ON FILAMENT YARN

agging despite relief

gainst an aggregate installed capacity of 55,000 tonnes, production and s of NFY for 1990 were 41,163 tonnes 10.8 per cent) and 38,614 tonnes (up per cent). The market weakened after y thanks to the Gulf war and civic blems at home. In particular, a large nber of powerlooms in major weaving tres like Surat, Bhiwandi, etc. re- ned idle.

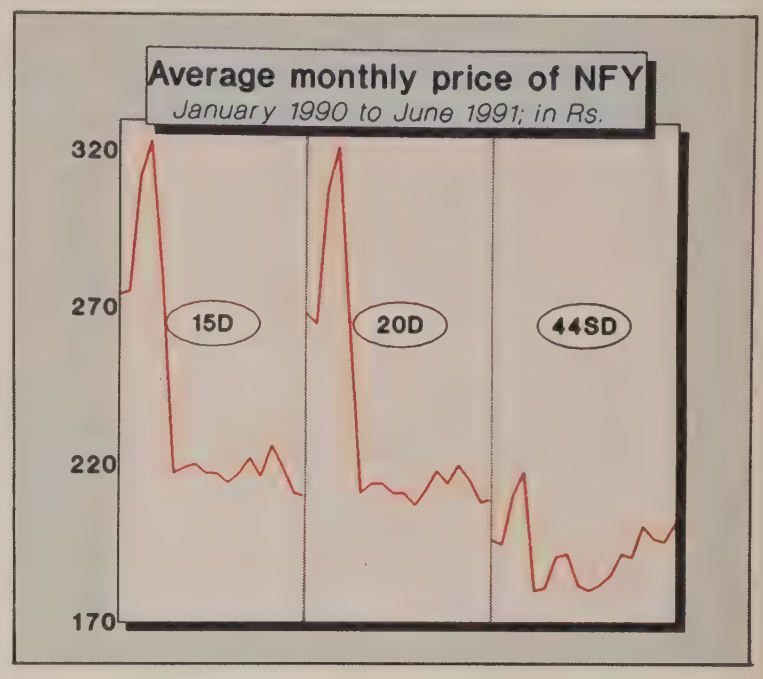
While NFY prices rose by an average of 25.85 per kg over 1989 levels, this was re than offset by two massive excise es — in March by Rs.16.16 per kg and December by Rs.15.60 per kg. Come 1 and the punches continued. Deval- on of the rupee and import curbs lt a savage blow to the industry by ng the landed cost of the primary raw erial caprolactam considerably (1.1 f caprolactam is required for every kg FY). Domestic supply comes from Fer- ers and Chemicals of Travancore Ltd T) from where supplies are yet to sta- e. Gujarat State Fertilisers (GSFC), on ther hand, supplies mainly to its affi- — Gujarat Nylon (soon to be ged with GSFC). Thus only 20 per cent tal requirement is met indigenously. e higher cost of caprolactam due to lluation (50 per cent increase in CIF e), customs duty hike (from 75 to 80 ent in December 90) on higher CIF e and the current Exim scrip pre- n of 40 per cent mean that the landed in August 1991 works out to 16.90 per kg (compared to Rs.63.50 g in June 1990) — an increase of 84 cent. In comparison, the MODVAT ts given in the 1990-91 budget, equivalent to the countervailing duty, is a poor sop which reduces the landed cost by 11.6 per cent to Rs.103.33 per kg. Domestically, the MODVAT relief was quickly mopped up by the public sector FACT which has now hiked caprolactam prices by Rs.15 per kg. GSFC is also expected to follow suit.

For the six month period ended June 1991, NFY production totalled 17,392 tonnes (down by 16 per cent from the six months ended June 1990). Prices of NFY during this period are at far lower levels than those prevailing last year and have failed to harden despite the drop in production, (*see graph*) indicating that demand for NFY is still sluggish. According to P.N. Maitra, secretary general of the Association of the Synthetic Fibre Industry, "even if concerted efforts on the part of the NFY manufacturers result in the ceiling price being raised, it is doubtful, if in the wake of sluggish demand and consumer resistance, whether the actual selling prices would touch ceiling levels.

Total production of NFY for 1991-92 is likely to be 35,000 tonnes. Given the high costs, this is not surprising and does not suggest cartel-like behaviour. In this context, the recent flare-up in share prices of some companies producing NFY such as Baroda Rayon occurred probably due to the better performance of other products like Rayon.

The first half of 1991-92 could be as bad as the earlier six months. For Shree Synthetics and Baroda Rayon, in 1990-91, profit margins crashed at the same time as equity increased (*see table*). Both companies are undertaking capacity expansions in PFY which would reduce the share of NFY in the new product mix. While JCT's first half performance is remarkable, it is unlikely to be sustained for the full year. Modipon's sales and net profit for the first half ended December 1990 are down by 4 per cent and 37 per cent respectively.

While companies like Shree Synthetics and JCT are exploring exports, Maitra is not optimistic as world demand is stagnant. Also, additional export cost is incurred because of sophisticated packaging needed, which raises costs by about Rs.30 per kg raising export prices of NFY by that amount. All in all, a glum picture for the glamour product of the eighties.



mpany Name	Shree Synthetics			Baroda Rayon			J.C.T			Modipon		
ar	*March 89	March 90	March 91	*March 89	March 90	March 91	*Oct *88	§ Jan 90	July 90 (6 mnth)	June 89	June 90	Dec 90 (6 mnth)
s	125.92	160.11	155.93	177.21	245.46	254.34	182.44	214.50	109.50	201.55	235.87	113.56
NFY/Sales	47.25	37.72	—	37.1	32.8	—	45.6	44.1	—	44.4	41.80	—
rating profit	17.31	22.04	14.44	28.83	47.64	25.69	20.00	41.58	37.34	36.64	48.16	17.74
O.P.M.	13.7	13.8	9.3	16.3	19.4	10.1	10.9	19.4	—	18.2	20.4	15.6
ss profit	12.44	17.25	9.45	24.33	39.05	15.42	11.38	28.48	27.25	31.19	41.82	13.87
G.P.M.	9.9	10.8	6.1	13.7	15.9	6.1	6.2	13.3	—	15.5	17.7	12.2
profit	5.72	9.12	2.69	15.07	23.82	3.32	5.55	20.34	22.15	18.17	22.03	6.18
ity	5.62	5.62	9.32	17.97	17.97	26.96	9.48	22.08	—	7.84	7.84	—
S.	10.18	16.23	2.89	83.86	132.55	12.31	5.85	9.21	—	23.18	28.10	—
ket price current	—	—	70.00	—	—	885	—	—	130	—	—	82.50
	—	—	24	—	—	72	—	—	14	—	—	3

*month accounting year ** 18-month accounting year § 15-month accounting year. Figures are annualised*

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Dr. D.C. Kothari
Chairman

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Mr. Deepak Banker
Vice-Chairman & Managing Director

Commitment, our culture Confidence, our quality.

Over 25 years ago, an engineering company was established in Ambattur, Madras, for the manufacture of Textile Spindle Upper Parts. In the first full year of commercial production, the Company produced 128,000 Upper Parts and the total turnover was Rs.28 lakhs.

Today, the Company – Kunal Engineering – is producing over one million Spindles, and has added to its product range, a number of highly sophisticated components, all for the Textile Spinning Industry, all with the technical knowhow from leading manufacturers in Europe. The turnover has increased to nearly Rs. 40 crore.

The year 1990-91 has been the best year so far for the Company – highest in turnover, profits, earnings, and dividend. Turnover increased to Rs. 34 crore from Rs. 24 crore in the previous year. A dividend of 25% has been approved for the year 1990-91.

Innovation:
the spirit of a pioneer

Kunal Engineering can be credited with pioneering the science of spindle technology and earning for spindles the rightful place in the industry. It was Kunal who demonstrated the vital role spindles play in enhancing quality and boosting productivity. In the field of energy conservation, Kunal Engineering has been active even before energy conservation was perceived as a national priority. The Company's products have over the years successfully helped the spinning industry bring down energy consumption appreciably.

Resilience:
a mark of excellence

The Company went through one of the worst recessions that the Industry had ever suffered, both in intensity and in duration. It was the Company's resilience that enabled it to withstand the hardships of the recession for over six years.

R&D:
new products, new standards

Kunal Engineering has successfully developed and established as import substitution, Heavy Duty Spindles for Draw Twisting machines, spindles for Two-for-one Twisting machines, as also a number of other varieties of heavy duty spindles.

The Company's Plastics Engineering Division, started in 1987, has successfully established high quality Yarn Carriers, not only in India, but also in leading mills abroad. The Kunal-EA Yarn Carriers have demonstrated, for the first time, the potential for power saving, higher productivity and better quality, which Yarn Carriers contribute.

Exports:
a global presence

Kunal Engineering products are working in all the continents of the world! The Company has continually been the recipient of top Awards for Exports in its category, from EEPC and other bodies.

Future:
confidence inspired by competence

The Company's ongoing R&D Projects involve appreciable quality upgradation and addition of new varieties to the product range.

The Company's working in the first three months of the current year have been satisfactory. The Company hopes to at least maintain its previous year's performance. It could be much better, given the right blend of favourable factors.

Kunal Engineering. A Company characterised by its commitment to the industry, to its customers, to the country.

FINANCIAL HIGHLIGHTS (Rs. in lakhs)

	1991	1986	1981	1976
Turnover	3419	857	632	151
Profit before Interest & Depreciation	861	131	110	28
Gross Fixed Assets	2777	1829	428	66
Share Capital	252	252	90	22
Reserves	480	221	109	28
Earning Per Share	15	(–)	7	3

The Company's Annual General Meeting was held on 31st July 1991.

"No beating the golden oldies"

Manali Reshamwala and Alka Mukundan spoke to the father-and-sons trio of Priyakant, Nailesh and Vipul Dalal to discover their favourites of the future in today's decidedly upbeat market



his set of Dalals is undoubtedly bullish on the market. Even as it climbs higher r the 1,700 mark, Nailesh Dalal be- es that the market's rise is not a mere culative bubble ready to burst. Says "Even if a 'technical correction' oc- s at the current Sensitive Index levels about 1,700, the market is unlikely to below 1,500." In fact, with his 12-year erience in the market, he feels confi- t that the BSE Index will touch 2,000 Diwali this year.

mputer is king."

kers are always comfortable about future when the market is at a peak. soaring stockmarket in- es have got brokers all ex- d and the name of the game e days is to find the stock will rise the most.

n this search, says Nailesh, e computer is king." In fact, creator of the market's cur- frenzy is the computer. h software packages offer- in-depth financial data at mere touch of a button, kmarket analysts can pre- price trends and give accu- buy/sell signals.

or example, notes Nailesh, y availability of data ed Dalal and Broacha esti- the effects of the recent de- ation on companies.

nis suggests a preponderant est in fundamental and nical analysis, those nu- crunching techniques used for pre- ng earnings and stock prices. Nailesh further into a very specific aspect of rade: "Two factors foretell the for- of a scrip: the bull investors' interest government policy. No other factor, even a monopoly product or sound cial and asset management can have uch of an impact on stock prices," he

is was amply reflected, he believes, jump that fertiliser company shares even as the budget proposals an- ced an increase in the selling prices rtilisers. However one should go be- the psychological impact of freed s and also look into the usefulness of roduct, cautions Nailesh.

en more pronounced were the effects of the recent devaluations. Says Vipul, "We calculated that, thanks to the devaluation, the solvent extraction company, Tri-star Soya would see an increase of Rs.9.51 in its EPS (over its March 1990 figures). Of course, we had identified the share as a good investment even before that. Thanks to its good fundamentals, the share had already begun to be accumulated by investors as well as speculators."

Nailesh feels that southern companies tend to be underpriced because "prices are set in Bombay". He particularly likes spinning companies down south. He expects spinning industry stalwart Precot Mills to report an EPS of over Rs.20 for March 1992 and expects its share price to more than double from its current level of Rs.120 to about Rs.250. Another spinner, Super Spinning, is expected to increase EPS from Rs.12 now to Rs.18 with the share price jumping by Rs.50-75.

Vipul likes Madras Cement, a share that has more than doubled following last year's cement boom. He predicts a gross profit of Rs.40 crore and an EPS of Rs.750 to Rs.800 for March 1991 for Madras Cements. Given the already spectacular rise, he predicts that the scrip might not continue to rise at that rate, but expects a rights issue by the company.

The other southern companies that they like are Carborundum and Chemicals and Plastics.

Moving northwest, the Dalals feel that cement, cotton textiles and filament yarn, shipping, sponge iron and pharmaceutical industries are the industries that should do well in the next two to three years.

They particularly like the sponge-iron industry for its good performance and despite its already spectacular share price performance. In favour is A group mammoth, Grasim Industries, whose sponge iron output (expected by mid-1992) is expected to take care of the north Indian market. Grasim, notes Vipul, adds lustre with its diversified activities in textiles and the completed expansion of its cement capacity to 2 million tonnes this year.

The other sponge iron producer that they favour is Sunflag Steel at its current price of Rs.25. The plant is in regular production as it has overcome teething problems and now looks set for a healthy run.

Priyakant is perhaps the most cautious of the trio. While he expects bullish times through the nineties, he notes that corporate innovativeness will lead the way for share price jumps. In this context, he feels that there is no gainsaying the old favourites with their low historical costs and proven management. His favourites, not surprisingly, are Tata Steel, Tata Locomotive, Larsen & Toubro and Escorts. "There is no beating the golden oldies," he says.

PRIMARY ISSUES

The rural option

Just 15 years ago, almost every durable consumer product was in short supply and even black & white TVs had to be booked in advance (colour TVs were still six years away). The result was that companies with small capacities made huge profits selling to captive urban markets.

Move forward 10 years and there is a completely different scenario. By the mid-eighties, nine colour TV manufacturers competed to offer a range of foreign and local technologies. Marketing began to play a key role, although rural markets remained largely untapped.

Move to the present and we find that some of the TV manufacturing companies of 1985 have disappeared, with capacities stabilised among three big players. The demand growth from urban areas is tapering off and the big three are all looking rural. Even foreigners are eyeing the Indian rural market which is even larger than some East European countries in buying power.

The right strategy. Financial services, particularly new issues of capital through primary markets, are set to follow the same trend and it is important that the right marketing strategy be developed now. Essentially, the situation now is similar to that of consumer products in the mid-eighties and — given the current liberalisations — could quickly change to a highly competitive market, perhaps even faster than for consumer products.

Let us map the change. In 1990-91, about Rs.1,600 crore of new issues came on the market and 95 per cent of them were oversubscribed. In 1989-90, over Rs.2,800 crore was raised with four big issues gathering over Rs.1,500 crore. But, apart from the four mega issues, almost none of the others needed to make a serious marketing effort. Offices in a few key centres in Gujarat and Bombay almost filled the bill. Till today, investors in new capital issues come primarily from Gujarat and Maharashtra (about 65 per cent, with Baroda exceeding Bombay) with the rest from the three other metros and a handful of big towns.

A situation unchanged today. The average issue of Rs.5 crore of a typical company is over-subscribed from just a few centres. For example, when the secondary market was depressed in February, a relatively large issue of Rs.39 crore like that of ICICI was oversubscribed three times, while even a relatively unknown issue like that of Biax for Rs.3.8 crore was also oversubscribed thrice. Of course, recent oversubscriptions have been considerably more as the secondary market has picked up.

Of course, today an issue below Rs.10 crore is not considered large. That a company like Reliance Industries could even think of a near-Rs.1,000 crore issue is an indication of the change in size of this market and its underlying health.

But, although the investor population has quadrupled in the past decade, 95 per cent remains urban. The household sector contributes a mere 8 per cent of total capital raised through primary markets, much below its savings even in currency.

> Rural markets appear too costly for smaller primary issuers, especially given the current "hot" secondary and primary markets. But... about Rs.14,000 crore per annum will need to be raised from capital markets. Given the size of urban subscription, it is clear that there is no alternative but to go rural and tap the tremendous potential market in this sector

The reason for the urban nature of capital markets is primarily the ease of marketing to these areas. Yet, certain interesting trends exist. For example, wherever there is an urban rural continuum as in Gujarat and Maharashtra, subscriptions to capital issues have come in from rural areas and wherever the continuum is disrupted as in larger states like UP, Bihar and MP, the popularity of capital markets remains a purely urban phenomenon.

Rural markets exist. Yet, there are adequate signals that rural markets exist in various parts of the country. An interesting aspect of the mega issues of 198 particularly the Larsen & Toubro Nagarjuna Fertiliser issues, was tha were able to capture significant rura scriptions. Nagarjuna Fertilisers did ticularly well in the rural south, hit considered a bulwark of conserva This signified that traditional thin about rural population being too averse to consider investing in equity to be reconsidered.

On the other hand, it is true that markets appear too costly for smalle mary issuers, especially given the cu "hot" secondary and primary mar But consider this in the context of hig terest rates and industrial delicensing now expected that about Rs.14,000 per annum will need to be ra from capital markets. Given the of urban subscription, it is clear there is no alternative but to go and tap the tremendous pote market in this sector.

It is not that special strategie needed for tapping rural mar But better awareness about the and returns of investing in equity must. Second, more stock excha ought to come up, while the broker network also needs to be panded. This is because rural in tors in primary markets will invest unless they have easy acce converting their investment into uidity via a stock exchange. In context, the Pherwani Panel's ommendation for fewer stock changes perhaps ought to considered only when the country h telecommunication system on a par western countries. Third, recent guidel to have at least 57 collection centres public issues could include a rural con — although making this operatio given the tight schedules under which issues work, will need careful thought.

In essence, attracting rural equity re requires determination rather than dist strategies. At present, issuers are mar ing well, but as the tide of new issues ri it will be necessary to expand the harb if they are to be accommodated.

■ BRIJESH KOS

The author is vice-president, PNB Cap Services Ltd

artsila Diesel India

ring profits wipe out half-year loss; re price nearly trebles; competition eases but orders worth Rs.50 crore in hand

rtsila Diesel India Ltd was set up in aboration with Wartsila of Finland, ld leader in diesel engines, for the nufacture of diesel generating sets. pite WDIL's close links with the parent pany, which has a 25 per cent equity icipation in the Indian venture, WDIL's 3 crore public issue in May 1989 — rsubscribed 17 times — was listed ini- y on the Bombay and Delhi stock ex- nges in August 1989 at Rs.20 npared with an issue price of Rs.10). s 1989-90 performance was discour- g with sales of Rs.8.07 crore and net fit of Rs.15.9 lakh (or 16 paise per e). These sales came from the delivery ne diesel genset of 4 MW.

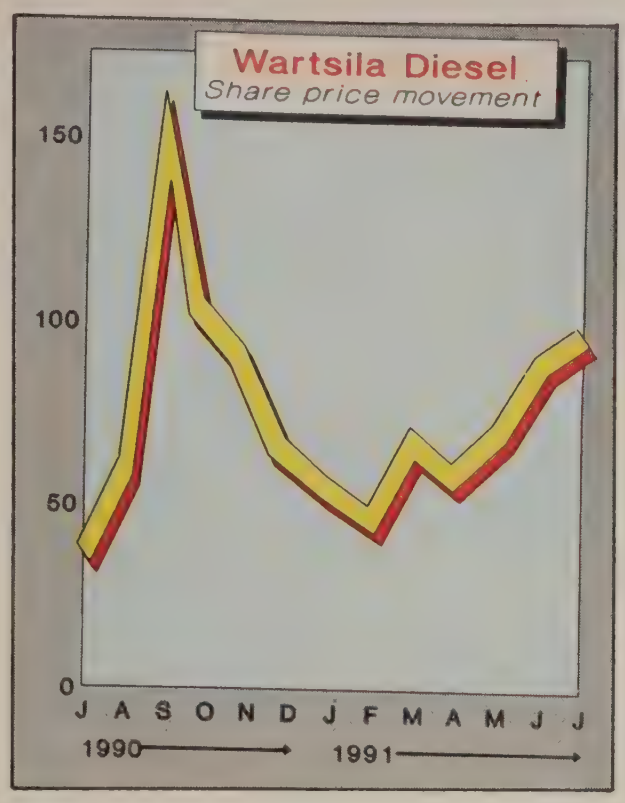
he share price skyrocketed to Rs.160 eptember 1990 but fell subsequently n half yearly results showed a loss of 9 lakh. The results for the full year 0-91, however, improved substan- y and the company earned Rs.4.3 per e for the second half. The share price ed up again and currently quotes at 23 from a low of Rs.45 in January. despite no dividend being declared 990-91.

ys a leading broker, "While the price s linked to WDIL's recent earnings an- ncement, investors are also excited t the company's "sophisticated tech- gy".

evertheless, as its managing director, allick points out, WDIL's performance

rtsila Diesel *(Rs lakh)*

ended	31 Mar '91 (6 mnths)	31 Mar '91	31 Mar '90
of goods and es	4447	5175	794
of goods sold	3396	3894	441
es and benefits	56	100	43
st	127	215	30
profit	491	456	114
ciation	69	124	93
rovisions	-	-	5
rofit/(Loss)	422	333	16
y capital	980	980	980
Rs.)	4.30	3.38	0.16
et price (Rs.)			
rent		123 (12-8-91)	
h		160 (1990/91)	
w		29 (1990/91)	



involves risks related to its import content and new competition.

Over 90 per cent of WDIL's sales come from the manufacture of DG sets in the 0.5 MW to 7.5 MW range, using technology that is considered the world's best. The sets can work with any kind of liquid fuel (including low sulphur heavy stock fuel which is the first waste product from processing crude oil). Although its products are relatively costly, the savings in maintenance and running costs offer better value.

Value addition is high with variable costs in 1989-90 at a low 54.6 per cent of sales. Hence, when sales picked up in the second half of 1990-91 (eight of the nine DG sets sold in the year were delivered in the second half), profits soared (even though variable costs rose to 74 per cent of turnover).

The latter was largely because imported raw materials became costlier due to the continuous devaluation of the rupee in 1990 (imports also attract 63 per cent duty), causing imports to rise to 77 per cent of total raw material costs, compared with 68 per cent in the previous year. The figure would have been higher, according to WDIL officials, if the company had not successfully indigenised certain raw materials.

Exports are a way out of the problem of raw material costs. Says Mallick, "We have started by exporting components. We hope to export full DG sets once the desired quality and delivery schedules can be met. We are one of the 50 companies that have applied for ISO 9000 approval (necessary for exports to Europe)."

Future competition comes in the form of two recent collaborations, one between Modis and a British firm, Mirlees, and another between MAN of Germany with an Indian group, Khoslas. But Mallick is confident of WDIL's superior product.

The directors' report indicates that the current year could be even better than 1990 despite economic slowdowns and devaluation. It has Rs.50 crore worth of orders in hand which it will execute during the year as well as negotiate fresh orders. Company officials view the long-term prospects as good; but market analysts expect a turnover of Rs.100 crore for March 1992 with gross profit at Rs.10 to 12 crore.

Nalco Chemicals

Operating cost drops; high PE ratio of 91 times; share price more than trebles; turnover expected to continue growing at 40 per cent

Nalco Chemicals India Ltd was set up in 1988 to manufacture specialty chemicals like oilfield chemicals, process and water treatment chemicals. The superior technology has been provided by Nalco Chemicals Co of the US. Its products lengthen the lives of machines like boilers by reducing corrosion and wear and tear. Companies like Hindalco and Indian Aluminium are clients of Nalco. Coal India is believed to be the next potential large client.

Nalco's trick is in its technology. Production costs of the chemicals are very

Nalco Chemicals *(Rs. crore)*

Year ended	31 Mar '91	31 Mar '90	% increase
Sales	13.51	6.23	117
Raw materials consumed	4.30	2.29	88
Employee costs	0.59	0.47	26
Other expenses	2.83	2.18	30
Operating profits	3.43	0.97	254
Interest	1.38	0.93	48
Gross profit	2.05	0.04	-
Depreciation	0.62	0.27	130
Net profit	1.43	(0.23)	-
Equity capital	5.00	5.00	
Reserves and surplus	1.15	-	
Borrowings	7.03	6.11	
Gross block	10.68	10.42	
Net current assets	3.26	3.64	
Market price (Rs.)			
Current	260.00		
1991: High	250.00		
Low	85.00		

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Lok Kalyan Samiti

A voluntary, non-political, non-profit health and family welfare organisation.

Mr. K. S. Gupta, The General Secretary
Lok Kalyan Samiti, 11A, Vishnu Digamber Marg,
New Delhi-110 002, India.

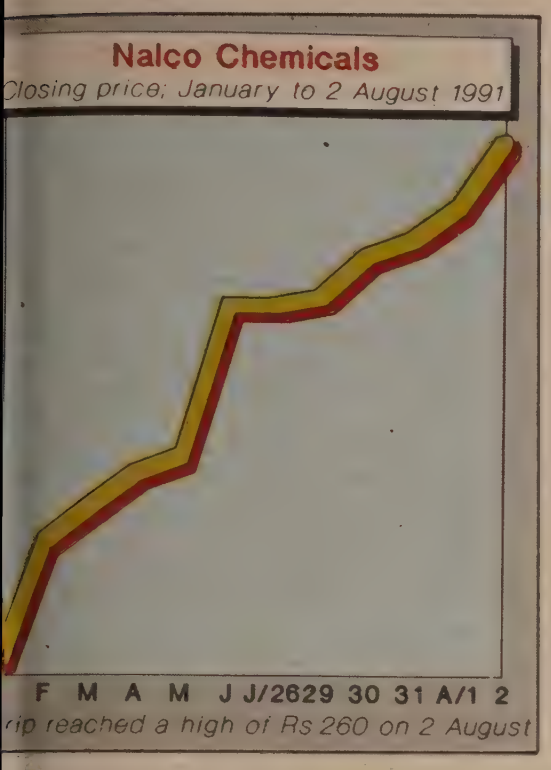
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Address _____

State _____ Pin Code _____ Tel _____

Date of birth _____ If married, date _____

Income tax exemption under section 80G of the Income Tax Act.



and decreasing. Operating expendi- dropped from 43 per cent of sales in -90 to 25 per cent in 1990-91. Raw rials took up only 32 per cent of sales mpared to 37 per cent last year. With rofit margins touching 11 per cent year, the EPS works out to Rs.2.86, ing a PE ratio of 91 times!

e high PE ratio reflects a recent spurt are price. A 205 per cent rise in share in just six months would interest any tor. Unfortunately, the managing or of this low profile company, I.M. le, declined to comment on either m's products or on it s stockmarket rmance. Brokers attribute the bull- end to the growth potential of this any. Analysts put the 1991-92 turn- at Rs.40 crore with a Rs.7 EPS com- to the 1990-91 turnover of Rs.14 with a Rs.2.86 EPS. One market r claims that they will be able to ain this 40 per cent growth in turn- or the next three years.

lco Chemicals is a small Rs.5 crore company. Of this, 40 per cent is y ICI Ltd and another 40 per cent alco Chemicals of the US. That a mere one million shares of float- ock which may make the scrip ap- more bullish than the fundamentals. at the next year's projected EPS of it currently quotes at over 37 times gs, more than the market average

kmé

rsifying into other drugs; net up 83 per cent, exports multiply fold; rights issue coming

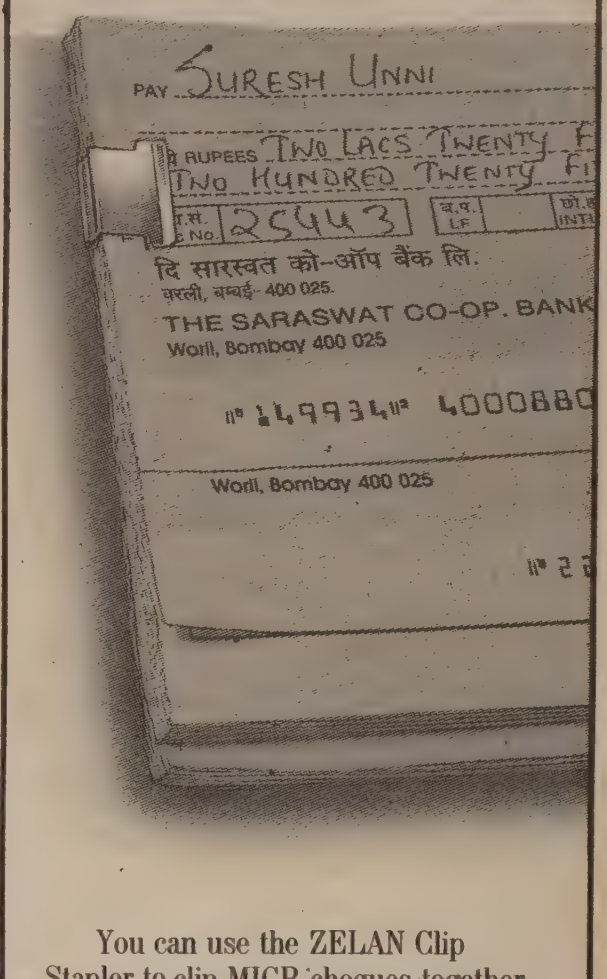
The company is trying to make its presence felt in the pharmaceutical industry. Production of bulk drugs and formulations have almost doubled in the year 1990-91 compared to the previous year. The bulk drugs plant operated at maximum capacity for the year 1990-91. The company has a heavy emphasis on Chloroquin Diphosphate, but is trying to diversify into other bulk drugs too. Formulations (which made up 31 per cent of sales) were affected by the Drug Price Control Order (DPCO), as a result of which margins were squeezed. However, with the eventual phasing out of the DPCO, the pharmaceutical division should register enhanced performance. Production of the cosmetics division was maintained at previous year's levels. In 1989-90 pharmaceuticals made up only 27 per cent of the company's turnover, compared to 37 per cent in 1990-91. On the other hand, cosmetics made up 73 per cent of sales in 1989-90 compared to 58 per cent in 1990-91.

Lakmé *(Rs. crore)*

Year ended	31 Mar '91	31 Mar '90	% increase
Sales	82.19	64.71	27.01
Other income	3.38	0.97	248.45
Raw materials' costs	3.81	12.32	12.09
Employees costs	6.09	5.22	16.67
Operating expenditure	64.71	51.77	25.00
Operating profits	6.24	4.55	37.14
Interest	2.15	1.63	31.90
Gross profit	4.09	2.92	40.07
Depreciation	0.88	0.88	—
Tax	—	0.29	-100.00
Net profit	3.21	1.75	83.43
RM/sales (%)	16.80	19.04	
OP/sales (%)	78.73	80.00	
Equity	3.16	3.16	
Reserves	11.30	9.67	
Net current asset	19.94	16.35	
Dividend (%)	50.00	28.00	
Market price (Rs.)			
Current	275.00		
1991: High	305.00		
Low	200.00		

The company has shown improved bottomlines for the year ended March 1991 compared to the previous year. The net profit has increased by 83 per cent. This is due to a slight reduction in the raw material and operating costs. They have managed to drop their excise duties as a percentage of sales from 29 per cent in

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1989-90 to 24 per cent in 1990-91. A large portion of the fatter net profit can be attributed to the dynamic performance of Lakmé Exports — the wholly owned subsidiary of Lakmé Ltd situated at the Kandla Free Trade Zone. "Almost all of the company's exports are currently going to the USSR", says Mulye, the company secretary of Lakmé Ltd. Lakmé Exports has shown a phenomenal 672 per cent growth in net profit in the year 1990-91 adding Rs.3.75 crore in dividend to its parent company and the company expects to maintain this performance.

The company has earned an EPS of Rs.10.16 in the year 1990-91, compared to Rs.5.54 in the previous year. The board has recommended a 50 per cent dividend which is the highest it has ever paid to its shareholders. This is also the highest payout ratio the company has ever maintained. This could be due to the rights issue the company is planning to offer to its shareholders.

Lakmé Ltd is coming out with a rights issue worth Rs.9.39 crore with a view to augmenting long-term resources of the company and for essential capital expenditure and for working capital for ongoing operations. The company is offering 1.1 million equity shares of Rs.10 to the existing shareholders at a premium of Rs.75 per share. This will increase the equity capital from Rs.315.55 lakh to Rs.425.4 lakh. Consequently, the reserves will strengthen from Rs.1,130 lakh to Rs.1,958 lakh.

The scrip reached a 1991 low of Rs.200 and a high of Rs.305. It is currently trading at a cum rights price of Rs.275 (13/08/91) discounting earnings 27 times; which is the market average PE ratio.

TRENDS

HMM

It has been a healthy six months for HMM Ltd., makers of malted food drinks like Horlicks and Boost. The first half results for the period ended June 1991 show sales up by 37.1 per cent over the same period in the previous year. Raw materials' costs have increased by 39.6 per cent over the same period.

Profit margins at the gross and net level have dropped by 2.2 and 2.61 points respectively. With the expansion and modernisation programme at its plants

HMM			(Rs crore)
Year ended	Jan 91-June 91	Jan 90-June 90	April 90-Dec 90*
Net sales	106.87	77.96	166.74
Other income	1.17	1.26	10.07
Raw materials' costs	43.42	31.10	65.74
Salaries and wages	4.29	3.31	7.04
Operating profit	20.10	15.60	38.69
Interest	1.95	0.71	3.47
Gross profit	18.15	14.89	35.22
Depreciation	1.70	0.89	2.26
Tax	5.49	3.97	10.15
Net profit	10.96	10.03	22.74
OP/sales (%)	18.81	20.01	23.20
RM/sales (%)	40.63	39.89	39.43

** figures for April-Dec 90 have been annualised*

completed, the company is in a good position to take advantage of the government's new policy which identifies food processing as a thrust area.

Pond's (India)

Pond's India's bottomline looks as pretty as some of its products — net profit is up by 16.62 per cent for the half year ended June 1991 over the comparable period last year. Sales are up by 13.19 per cent, while operating profits are up by 14.78 per cent.

The company's diversifications into mushrooms and leather garment exports,

Pond's (India)			(Rs crore)
Year ended	Jan 91-June 91	Jan 90-June 90	Jan 90-Dec 90
Net sales	68.63	60.63	125.43
Other income	.71	.16	.44
Excise duty	22.28	18.85	41.11
Raw materials' costs	26.41	25.50	49.31
Salaries and wages	3.69	3.04	6.34
Advertising	2.28	1.19	3.84
Operating profit	6.21	5.41	11.10
Interest	0.79	0.75	1.15
Gross profit	5.42	4.66	9.55
Depreciation	0.59	0.47	0.97
Tax	0.48	0.46	0.97
Net profit	4.35	3.73	7.57

both made in 1990 are expected to reach optimum productivity levels in this year.

Further, the electronics export unit at Kodaikanal in Tamil Nadu is also expected to commence production in the third quarter of 1991.

RESULTS ANNOUNCED

Bombay Suburban Electric Supply

Performance packed with powe punch for this power distributing pany for the year ended March 1

Turnover is up 19.6 per cent at Rs.4 crore yielding a gross profit margin per cent (up by 5.4 points). With provision of Rs.6.60 crore as against the previous year, profit after tax bu fore statutory appropriations is up per cent to Rs.33.17 crore. Net p margin in turn jumped four points t per cent. The first conversion of de tures recently issued is due on 21 1992 and this will enlarge equit Rs.57.70 crore. The two power uni Dahanu are expected to go on strea March 1995. The scrip now quote Rs.135.

Punjab Tractors

Rise in turnover and profitability, dividend hiked by ten points. EPS a bit lower on ex-rights equity

For the year ended March 1991, g profit margin is 9.9 per cent (8.6 per on a turnover of Rs.186.50 crore (u per cent). On ex-rights equity of Rs. crore, the company has earned Rs.2 (Rs.24.05) which works out to Rs.3 on cum rights equity. Dividend is per share (Rs.5) at a payout of 27 per (21 per cent). The scrip quotes at Rs discounting these earnings 11.6 times

Khatau Junker

Turnover up 62 per cent, slight p sure on margins at gross level whil net level, EPS crosses face value this Dilip Khatau group company

For the year ended March 1991, Kha earned a gross profit margin of 7.2 cent (7.7 per cent) on a turnover Rs.28.61 crore (Rs.17.63 crore). E Rs.14.06 (Rs.8.02) while dividend share has been maintained at Rs.2 The scrip quotes at Rs.65 discount these earnings 4.6 times. The projec

ufacture vat dyes and the expansion modernisation of the malathion/ ethoate plant are making satisfactory gress. They are expected to commence mercial production in the last quarter ne current financial year. This natu- will exert some cost pressure on it margins for the year ended March .

romandel Fertilisers

nge in accounting year from Sep- ber to March, profit on sale of ent undertaking adds Rs.36.30 e to the bottomline that is other- in the red with a net loss of Rs.2.36 e

the six months ended March '91, net s were Rs.129.34 crore and gross it margin 9.2 per cent. With a tax bur- of Rs.11 crore as against nil in the ious accounting year ended Septem- 90, operations have resulted in a net of Rs.2.36 crore. Profit on sale of the ent undertaking effective from 29 ember 1990 however adds a chunk of 6.30 crore to the bottomline. Divi- per share is Rs.2.30 as against Rs.2 the previous year. The scrip now es at Rs.77.50.

ndustan Motors

dend skipped, bottomline shrink- nd turnover rising marginally for ear ended March 1991

over at Rs.632.59 crore is up barely cent while gross profit margin is 2 per cent (2.5 per cent). On an y base of Rs.26.33 crore, net profit is re Rs.25 lakh (Rs.2.72 crore). Divi- was skipped and the scrip quotes at 9.50.

IN BRIEF

dard Batteries have earned a net t of Rs.69.35 lakh (Rs.1.71 crore) ave recommended a dividend of 16 ent for the year ended March 1991.

wala Chemicals & Plastics have re- d CCI consent to issue 14 per cent ed fully-convertible debentures on a s basis aggregating Rs.2.76 crore.

al Overseas, promoted by Hindustan Electro Graphites and Rajasthan Spg & Wvg Mills of the Bhilwara group, is putting up a textile plant at Madhya Pradesh. The project, set up to manufacture combed cotton yarn, is estimated to cost Rs.35 crore and will commence commercial production in October 1991.

Ranbaxy Labs announced the launch of India's first Dipstick Elisa (enzyme linked Immuno Sorbent Assay) Pregnancy Test which could diagnose pregnancy on even the very first day of a missed menstrual cycle.

To part finance its expansion programme, **Jaybharat Fabrics Mills** of the Arya group, proposes to issue 400,000, 15 per cent partly convertible debentures of Rs.125 each, on a rights cum public basis.

Yokogawa Keonics, manufacturing process control systems and instruments, has turned the corner with its second full year of production. Net profit earned for the year ended March 1991 is Rs.1.69 crore against a net loss of Rs.58.72 lakh in the previous year. Having already received orders of Rs.40 crore, the company is well placed.

Tata Press has a black bottomline for the year ended March 1991 having posted a net profit of Rs.27.04 lakh as against a loss of Rs.56.13 lakh in the previous year. Dividend has been stepped up by two points to 12 per cent.

Turnover is up 14 per cent at Rs.49.05 crore yielding a gross profit margin of 21.4 per cent (19.7 per cent) for **Rama Petrochemicals**.

During April-June 1991, **Bajaj Auto** produced 2,04,539 two wheelers (up 18 per cent) and clocked a turnover of Rs.307 crore (up 19.5 per cent).

Lakmé is to issue 11,04,437 equity shares of Rs.10 each at a premium of Rs.75, on a rights basis aggregating Rs.9.39 crore.

Triveni Engineering proposes to offer debentures on a rights basis in the ratio of 1:2 subject to CCI consent.

Reliance Capital & Finance Trust has earned a net profit of Rs.4.25 crore for its first year of operations ended 31 March 1991 and has recommended a maiden dividend of 12.5 per cent.

Swedish Match AB, the major shareholder in **Wimco Ltd** has decided not to go ahead with the sale of its stake to the Flex group.

Udaipur Phosphates has proposed a partly convertible debenture issue on a rights basis in the ratio of 1:2.

Indian Hotels propose to issue rights shares of Rs.10 each, at a premium of Rs.50 per share, in a 1:3 ratio.

TEST OILS

IN MINUTES ON SITE

In service lubricating oils from DG set, Earth Moving machinery, Automobiles & Industrial Machinery should be tested regularly to decide the correct oil change period. Testing also signals early warning on oil related equipment problems/ damages. Also new oils must be tested from each and every barrel to seggregate adulterated oils.

We present ENGINE OILAB: a portable kit to test New & Used Engine oils on the spot. Tests can be done even by a layman to determine exact Viscosity, Water Content, Total Base Number, Insoluables & Dispersancy characteristics. Accurate & instant results are assured by Engine Oilab on the spot.



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S.S. ENGINEERING INDUSTRIES
H-35, South Extension, Part-I,
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Chembur Patalganga Pipelines

The novelty of Chembur Patalganga Pipelines Ltd's project is that the company will own, maintain and operate the pipeline it constructs and merely rent it out to the user.

Though promoted by Satyapal Jain of Comet Steels and Sipta Coated Steels, CPCL can safely be called a Reliance group company. In fact Reliance Industries Ltd (RIL) have also advanced an unsecured amount of Rs.16 crore towards CPCL's project cost. Reliance's executive director, Manoj Modi, says, "We will provide this kind of infrastructure to any private sector company." But he also informs that the company's next project will be the construction of a water pipeline and naphtha pipeline for Reliance in Hazira. The construction contract has been given to Dodsal and Modi assures that there will be no escalation in costs due to the devaluation.

The prospectus informs that as per the line agreement, RIL will have to pay transportation charges per tonne of feedstock transported. In case RIL does not have adequate material for transportation it will have to pay a minimum revenue. The pipeline should be laid by October 1991.

Various financial institutions have given term loans totalling Rs.47 crore on which interest costs will be around Rs.7 crore. According to Modi other operational costs will total around Rs.2 crore. Modi, however, declined to comment on the expected income.

CPCL's equity capital is a modest Rs.8.7 crore. Unlike other public issues the present one is launched without the usual pre-release publicity and press write-ups. Also, the prospectus seems to have been printed in the smallest type permissible. Is the company dissuading public investment?

Chembur Patalganga Pipelines	
Issue opens	: 19 August 1991
Size of issue	: Rs.8.7 crore
To Indian public	: Rs.4.81 crore
Instrument	: Equity shares of Rs.10 each
Promoter	: Satyapal Jain
Object of the issue	: To undertake a project for the laying of two cross country pipelines from Bharat Petroleum's refinery at Chembur to RIL's petrochemical complex at Patalganga
Project cost	: Rs.71.70 crore
Listing	: Bombay, Pune.

Indian Acrylics

To be set up in technical collaboration with Du Pont of the US, Indian Acrylics Ltd's (IAL) project will be commissioned in two phases. The first phase, will have an installed capacity of 12,000 tpa. According to IAL's promoter, R.K. Garg, a project of this magnitude is being set up for the first time in India. Whilst Du Pont will supply complete technical knowhow for the development of acrylic fibre for the first phase, Chemtex Inc of the US, will supply engineering information for the expansion up to 20,000 mtpa.

Chemtex will also supply the critical equipment for the project. The imported equipment at Rs.64.26 crore works out to a substantial 34 per cent of total project cost which may see a hike due to the devaluation. "As the plant is based on imported supply of feedstock, the company will have to import its petroleum-based raw materials viz acrylonitrile and dimethyl formamide which will also be subject to price fluctuations. It is the customer who will have to bear the increase.

A high equity, Rs.54.35 crore, may well be difficult to service but IAL's project has got equity as well as fund support from the Asian Development Bank and mutual funds including Rs.136 crore loan financial institutions.

Interest costs will be high but a asset base will give rise to higher dep tions which will aid the company' flow requirements.

Garg informs that IAL has a low even point of 7,000 tpa which sho achieved in the first year, ie Sept 1992.

Indian Acrylics	
Issue opens	: 27 August 1991
Size of issue	: Rs.54.35 crore
To Indian public	: Rs.14.70 crore
Instrument	: Equity shares of Rs.10 each
Promoters	: R.K. Garg and Punjab State Industrial Development Corporation Ltd (PSIDC)
Project	: To set up a plant for the manufacture of acrylic staple fibre with an installed capacity of 20,000 tpa
Project cost	: Rs.190.24 crore
Plant location	: Sangrur, Punjab
Listing	: Bombay, Delhi, Calcutta, Ahmedabad and Ludhiana

Akhil Ceramics

Despite a number of recent entran ceramic tile industry still looks pro to Akhil Ceramics Ltd. The comp entering the capital market to p nance its Rs.13.30 crore project to ceramic floor and wall tiles. The the finance is being supplied by th moters, collaborators, mutual fun the APIDC.

The company plans to introduc grinding technology for the first ti the country. This will mean lowe material losses than in the conven wet grinding process. Since spray d of the clays is eliminated, there is a saving of 15 to 18 per cent per fi tonne. The expected fuel saving pe is Rs.45 lakh.

The machinery is being supplie MORI of Italy, who will also buy ba per cent of the total production. Wi installed capacity of 13,000 tonne annum, commercial production pected to commence by October The company expects a turnov Rs.2.5 crore at the end of the fir months says S. Ramana, one of the moters of the company. Accordi him, "Because of the savings throug new technology, we expect to com not only in the ceramic tile market also in the mosaic tile one."

Akhil Ceramics	
Issue opens	: 26 August 1991
Size of the issue	: Rs.4.63 crore
To Indian public	: Rs.1.96 crore
Instrument	: Equity shares of Rs. each for cash at par
Promoter	: S. Ramana
Object	: To part finance the ceramic tiles project
Project cost	: Rs.13.30 crore
Plant location	: Kayam village, AP
Listing	: Bombay and Hydera

A success in paper now enters the high growth area of cotton yarn.







And looks forward to attain new heights in turnover and profitability.

If you have been following our fortunes, you know how well we have done in paper. Thanks to continuous technology upgradation, our paper plant has been operating at around 100% capacity utilisation winning us three successive National Productivity Council's Awards for the years 1988, 1989 and 1990.

Our financial performance has been impressive as well. For the 18 month period ended 31st March, 1991, Shreyans Paper recorded a Total Income of Rs. 3485.62 lacs (a 41% annualised increase over the previous period) and a Net Profit of Rs. 409.52 lacs (a 65% annualised increase over the previous period). Annualised earning per Share stood at Rs. 13.32, while the book value per share soared to Rs. 43.90.

Our shareholders have reaped handsome rewards. Uninterrupted, growing dividends since 1987 and the share is quoted at Rs. 85 (Ex-Rights) on 27.6.1991 at Bombay Stock Exchange.

We continue to invest further in paper. A Rs. 769 lacs modernisation-cum-expansion programme completed in May, 1991 has increased our paper capacity to 20,000 TPA. And will contribute towards a major growth in Turnover and profitability.

We are also diversifying with a Rs. 3,700 lacs – 24,960 spindles cotton yarn project near Ludhiana. The Ring Spinning plant incorporates state-of-the-art equipment from world renowned names like Murata of Japan and Rieter of Switzerland – 6000 spindles have already been commissioned; by October 1991, 18000 spindles will be in operation and by mid 1992, the plant will be fully operational.

Cotton yarn is in great demand worldwide with the changing fashion trends. We propose to export 25% of our cotton yarn – which is expected to further boost our profitability.

Paper and Cotton Yarn. Two high growth businesses that will propel us to a bright future. A future we would like you to share with us.

Shreyans
GROUP

SHREYANS PAPER MILLS LTD.

Regd. Office: Village Bholapur, P.O. Sahabana, Chandigarh Road, Ludhiana 141 123.

S H R E Y A N S P A P E R

PRESSMAN

Stockmarkets

Company	Closing price 9.8.91	Fortnight ago 26.7.91	P/E (times)	Yield (%)
A.P.Rayons	57.50	41.50	8.8	—
ABB	165.00	147.50	19.2	1.6
Abbott Labs.	57.50	55.00	25.5	—
ACC	2980.00	2460.00	15.1	1.0
Acme Mfg.	17.50	15.00	9.8	8.6
Addi Ind	90.00	18.00	8.2	2.8
Ahm Electric	550.00	560.00	14.9	2.9
Alfa Laval	300.00	235.00	27.5	0.6
Alkyl Amines	165.00	135.00	63.6	1.3
Amal Rasayan	52.50	49.50	—	—
Amar Dyechem	140.00	95.00	21.0	—
Amforge	85.00	82.00	7.5	3.3
Amrit Banas	78.75	61.25	12.0	2.5
Andhra Cement	20.00	17.50	-1.3	—
Andhra Paper	1450.00	1350.00	8.7	1.7
Andhra Valley	1525.00	1500.00	8.2	1.3
Antif Bearng	102.50	90.00	10.8	2.4
Apollo Tyres	97.00	62.00	5.3	2.6
Apple Ind	34.50	34.50	4.0	7.4
Arihant Fab	31.00	30.50	10.7	6.5
Arvind Mills	100.00	97.50	10.6	3.2
Asahi Ind	120.00	97.50	—	0.6
Ashok Ley Fin	115.00	90.00	—	2.6
Ashok Leyland	123.00	155.00	21.2	2.2
Asian Cables	34.00	32.50	5.0	4.4
Asian Coffee	31.00	33.00	—	—
Asian Elect	1400.00	1375.00	5.6	1.4
Asian Hotel	72.50	73.00	9.8	4.1
Asian Paints	235.00	240.00	15.4	1.9
Asian Tractor	30.00	29.00	—	—
Assam Co	160.00	160.00	17.4	3.4
Assam Front	370.00	300.00	12.5	2.0
Astra Idl	90.00	88.75	13.8	1.9
Atlas Copco	105.00	84.00	108	—
Atlas Cycle	200.00	185.00	27.8	1.0
Atma Steel	44.00	44.00	6.6	3.4
ATV Projects	42.50	45.00	6.2	4.1
Austin Engr	102.50	105.00	—	—
Auto Cor Goa	56.00	62.50	24.1	3.6
Autolite	115.00	90.00	—	—
BajajAuto	667.50	582.50	22.2	1.5
Bajaj Elect	1150.00	925.00	8.8	2.2
Bajaj Plastic	75.00	61.25	107	2.7
Bajaj Tempo	220.00	192.50	19.1	1.1
Bake Hylam	50.00	49.00	16.7	3.6
Balkrishna	190.00	142.50	7.7	0.9
Ballarpur	300.00	290.00	15.1	1.0
Bannari Amman	53.75	66.00	7.8	3.4
Baroda Rayon	885.00	530.00	6.7	2.8
BASF	175.00	155.00	22.1	1.1
Batliboi	80.00	75.00	14.6	2.1
Bayer	1000.00	875.00	19.2	2.2
BCL Forging	32.50	32.00	11.0	6.2
Bell Ceramic	45.00	41.00	9.4	2.2
Bellary Steel	45.00	45.00	9.7	2.2
Best & Crompt	47.50	42.50	25.0	2.7
Bhadra Paper	160.00	160.00	11.0	2.3
Bhansali Eng	13.50	13.00	—	—
Bharat Bijlee	2500.00	2050.00	8.7	1.0
Bharat Forge	237.50	222.50	24.2	1.3
Bharat Gears	49.00	45.00	18.1	3.1
Bharat Seats	45.00	39.00	8.8	1.8
Bharat Vijay	940.00	920.00	5.6	2.3
Bhilwara Syn	31.00	28.00	13.8	—
Bihar Caustic	35.00	31.00	—	—
Bimetal	167.50	153.75	22.3	1.3
Bindal Agro	40.00	39.00	12.1	12.5
Birla 3M	102.50	130.00	—	—
Birla Jute	335.00	295.00	17.4	0.9
Birla Kenna	80.00	75.00	—	—
Blow Plast	152.50	125.00	95.3	2.5
Blue Blend	26.00	25.50	53.2	—
Blue Star	61.25	58.75	10.4	2.6
Bmd Foundry	190.00	150.00	15.5	1.3
Bom Burmah	1200.00	1150.00	10.8	2.9
Bom Dyeing	262.50	201.25	16.4	1.1
Bom Tyres	55.00	36.00	4.2	—
Bombay Sub	135.00	112.50	7.4	1.3
Boots	190.00	155.00	33.9	1.7
BPL Sanyotec	41.25	31.00	20.4	—
Britannia	180.00	162.50	33.3	1.6
Brooke Bond	145.00	140.00	24.6	2.8
Burroughs	125.00	117.50	41.7	1.3
Cable Corp	98.00	101.00	10.9	2.9
Cadbury	186.25	157.50	29.6	1.9
Camphor	60.00	53.75	6.2	4.2
Caprihans	81.25	78.75	5.9	3.1
Carbon Corp	50.00	42.50	6.9	3.0
Carona	35.00	24.00	29.4	5.7
Carrier Air	17.50	17.00	-15	—
Castrol	405.00	357.50	18.9	1.1
Ceat Tyres	97.50	77.50	6.4	3.1
Cem Corp Guj	45.00	26.00	—	—
Cemindia	120.00	142.50	20.3	2.5
Century Enka	3175.00	2500.00	30.5	1.5
Century Text	6625.00	6300.00	21.6	0.8
Chem & Plast	210.00	175.00	13.6	1.4
Chemfab Alk	80.00	80.00	11.8	2.5
Cheminor Drug	80.00	82.50	8.1	3.8
Chloride	110.00	105.00	16.4	2.9
Choksi Tube	55.00	37.50	11.0	3.3
Chowg Steam	86.00	58.00	48.3	—
Cimmco	90.00	87.50	17.8	1.8
Cipla	5050.00	4775.00	11.5	0.6
Citurgia	182.50	168.75	18.6	1.9
Classic Diam	61.25	48.50	5.8	3.3
Coates	150.00	150.00	15.7	1.7
Cochin Refin	840.00	800.00	9.6	2.5
Colgate	335.00	337.50	41.9	1.6
Colour Chem	1125.00	1050.00	37.5	—
Cont Pumps	80.00	65.00	—	3.0
Core Parental	270.00	210.00	—	0.8
Corom Fert	75.00	67.50	17.4	2.7
CP Tools	770.00	620.00	154	0.9
Crompt Greave	1325.00	1150.00	16.4	1.4
Cyanamid	170.00	145.00	21.8	1.8
Dalmia Cement	360.00	360.00	—	—
Dawn Mills	600.00	650.00	8.6	—
DCM Toyota	37.00	33.50	8.6	—
DCW	108.75	47.50	8.8	2.5
Deccan Cement	118.75	70.00	—	1
Deepak Fert	30.00	26.50	9.4	6
Deepak Nitr	100.00	91.00	7.0	3
Dharamsi	51.25	42.50	5.1	3
Diam & Chem	65.00	54.50	8.9	3
Digital Equip	63.50	46.00	—	—
Dr.Beck	100.00	72.50	15.7	2
Dr.Reddys	177.50	160.00	57.3	1
Dunlop	67.50	55.00	29.4	4
Duphar-Inter	85.00	80.00	14.9	1
E Coast Steel	80.00	72.50	25.2	—
E. Merck	167.50	118.00	50.8	1
E.I.Hotels	50.00	51.00	11.1	2
Eicher Motors	40.00	39.00	11.4	—
Eicher Tractr	147.50	170.00	10.6	1.
EID Parry	130.00	102.50	12.6	2.
Elecon Eng	50.00	50.00	27.8	2.
Electrosteel	117.50	115.00	10.5	2.
Elgi Equip	280.00	265.00	15.2	0.
Elgi Tyres	140.00	130.00	—	1.
EMA India	55.00	41.00	7.8	3.
Esab India	115.00	96.25	41.3	1.
Escorts	155.00	151.25	23.5	1.
Escorts Trac	155.00	162.50	14.6	3.
Eskayef	212.50	200.00	20.4	1.
Essar Gujarat	98.00	80.00	46.9	3.
Essar Ship	53.50	40.75	18.4	4.
Eternit Ever	122.50	115.00	11.7	2.
Eurotex	48.75	56.25	19.8	—
Excel	335.00	317.50	16.8	2.
Facit Asia	110.00	90.00	—	2.
Fag Precision	92.50	90.00	6.7	2.
Ferro Alloys	57.50	50.00	3.6	—
FGP	60.00	62.50	17.1	3.
Ficom Organic	152.50	152.50	9.1	3.
Finolex Cable	215.00	195.00	7.7	2.
Finolex Pipe	26.00	24.50	7.8	6.
First Leasing	35.00	32.00	7.3	8.
Flakt India	90.00	72.50	20.9	2.
Flex Ind	58.75	47.50	—	5.
Foods & Inns	182.50	180.00	21.0	2.
Forbes Forbes	115.00	105.00	23.0	1
Fulford	260.00	290.00	18.1	0.
G.E.Ship	88.00	73.50	13.1	2.
G.K.W.	42.50	34.00	7.1	3.
G.P.Electron	62.50	58.75	10.4	3
G.T.C.Indust	95.00	95.00	13.2	3
G.V.Films	26.00	22.00	9.7	6
Gabriel	57.00	50.00	8.6	3
Gammon India	135.00	120.00	48.2	1
Garden Silk	42.50	42.50	11.8	5
Garware Nylon	39.00	32.00	10.8	3
Garware Poly	56.00	45.00	-7.7	—
Garware Ship	33.75	24.00	5.7	4
Garware Wall	96.25	80.00	15.5	2
George Will	205.00	195.00	39.4	2
German Rem	137.50	132.50	10.3	1
Ginni Filam	30.00	35.00	—	—
Glaxo	143.75	130.00	27.1	1
Goa Carbon	165.00	140.00	—	—

Company	Closing price 9.8.91	Fortnight ago 26.7.91	P/E (times)	Yield (%)
Godfrey Phil	390.00	280.00	35.5*	1.3
Goetze	135.00	107.50	20.1	2.5
Gokak Patel	297.50	270.00	21.7	1.2
Goldstar St	18.50	17.00	—	—
Gonter Peip	55.00	52.50	—	—
Goodlas Nero	60.00	60.00	7.1	3.8
Goodricke	270.00	300.00	21.8	2.4
Goodyear	60.00	52.50	13.3	4.2
Govind Rubber	107.50	106.50	5.6	1.6
Grasim	293.75	255.00	18.5	1.2
Greave Cotton	105.00	87.50	15.9*	1.7
Gremach CNC	35.00	33.00	—	—
Grindwell Nor	75.00	62.50	14.6	3.7
Guj Alkalies	172.00	163.00	20.5	1.6
Guj Amb Cem	228.75	172.00	31.3	1.8
Guj Apar Poly	34.00	25.50	—	—
Guj Filaments	38.00	34.00	5.2	5.8
Guj Godrej	27.00	22.50	—	—
Guj Heavy Che	23.75	17.00	—	—
Guj Narmada	45.00	38.50	13.2*	1.8
Guj Oiland	40.00	34.00	16.1*	1.5
Guj Petrosyn	40.00	37.00	8.6	5.0
Guj State Fer	232.50	210.00	21.5	1.3
Harrison	202.50	190.00	19.1	3.7
Haryana Petro	60.00	45.50	5.4*	3.3
Hawkins	36.25	35.00	10.1*	—
Herdillia	95.00	90.00	9.3	2.7
Hero Honda	113.75	80.00	9.1*	—
Himmat Seide	80.00	62.00	18.1	1.9
Hind Alloy	87.50	62.50	9.3	3.4
Hind Ciba	1975.00	1675.00	21.3	1.3
Hind Const	20.00	19.50	36.0*	6.8
Hind Dev Corp	101.00	92.50	25.9	2.0
Hind Dorr	145.00	80.00	19.9	2.1
Hind Electro	80.00	65.00	7.8	3.4
Hind Lever	140.00	185.00	19.7	3.0
Hind Motor	29.25	24.00	36.6	—
Hind Oil Expl	24.00	23.00	103*	—
Hind Spin	3900.00	3800.00	6.0	1.9
Hindalco	312.50	302.50	18.7	—
Hinditron	92.50	75.00	18.1*	—
Hitech Drill	48.75	33.75	658	—
HLM	398.75	387.50	32.2	2.0
Hitechst	3800.00	3200.00	543	0.5
Hoganas	155.00	130.00	38.8	1.2
Housing Dev	480.00	400.00	7.2	4.6
Hyderabad Ind	170.00	160.00	11.3	1.8
ICI	72.50	59.00	13.8	—
IDBI	380.00	325.00	5.0	5.8
IDM	30.00	23.75	12.0	—
IFCI	160.00	145.00	31.6	1.9
India Cement	240.00	175.00	40.7	1.0
India Foils	77.50	90.00	13.8	3.0
India Forge	62.50	65.00	30.0	1.9
India Glycol	70.00	62.50	101*	—
India Gypsum	13.00	11.00	-5.2*	—
India Photo	80.00	75.00	96.7*	2.5
Indian Alum	182.00	182.50	12.9	1.6
Indian Card	157.50	155.00	13.6*	1.9
Indian Dye	950.00	725.00	21.4	2.6

Company	Closing price 9.8.91	Fortnight ago 26.7.91	P/E (times)	Yield (%)
Indian Hotel	142.50	110.00	18.3*	1.8
Indian Hume	270.00	260.00	—	5.6
Indian Org	57.00	45.50	21.9	1.8
Indian Rayon	170.00	134.50	21.8	1.8
Indian Seam	147.50	142.50	10.1	1.7
Indian Sew	55.00	56.00	12.2	4.5
Indian Shav	85.00	85.00	31.6*	—
Indo Asahi	310.00	248.75	9.2*	0.7
Indo Matsuhit	70.00	67.50	9.6	2.9
Indo National	185.00	190.00	10.9	1.4
Indogulf	44.00	36.50	440	—
Indorama Syn	54.00	56.00	—	1.9
Ingersoll	345.00	360.00	37.9	1.0
Invel Trans	67.50	58.00	66.1*	—
Ion Exchange	87.50	92.50	30.2*	1.5
Ipitata	72.50	71.00	25.0	—
ITC	262.50	201.00	33.2*	1.4
IVP	110.00	82.50	19.7	1.4
J.B Chem	142.50	148.75	7.8	2.1
J.K.Indust	96.50	87.00	8.2	3.1
J.K.Synthetic	51.00	34.50	46.4	1.0
Jai Parabolic	28.75	30.00	—	—
Jain Irrigat	150.00	96.25	12.1	1.2
Jaiprakash In	49.50	0.00	—	3.0
Jamna Auto	105.00	90.00	7.5	2.4
Jayant Paper	67.50	65.00	16.4	3.0
Jaybharat Fab	65.00	62.50	—	—
Jaybharat Mar	37.00	38.00	—	4.0
JBF	94.00	79.00	7.1*	2.5
JCT	130.00	120.00	12.2	3.1
Jindal Drill	97.50	92.50	7.8*	1.6
Jindal Iron	145.00	163.00	107	—
Jindal Strips	270.00	230.00	14.9*	1.5
Kalyani Brake	70.00	72.50	17.5*	—
Kalyani Steel	300.00	250.00	15.2*	2.5
Kanoria Ind	42.50	35.00	—	—
Kanthal Bimet	55.00	52.50	—	—
Kelvinator	130.00	130.00	12.0	1.5
Kerala Chem	270.00	230.00	16.1	1.3
Kesoram	125.00	92.50	54.4	1.2
Khautau Junk	62.50	57.50	4.6	4.0
Khoday Dist	27.00	27.00	4.6*	4.4
Kinetic Eng	205.00	157.50	16.7	1.2
Kinetic Honda	81.00	70.75	23.8	—
Kirl Bros	140.00	115.00	12.4	1.6
Kirl Cummins	172.50	146.25	39.2	1.2
Kirl Oil	74.00	73.75	14.2*	2.2
Kirl Pneu	37.50	37.50	5.6*	4.8
Kit-Ply	21.00	21.00	7.8*	10.5
Klock Wind	195.00	192.50	14.9*	1.2
KSB Pumps	225.00	215.00	27.4	1.1
Kunal Eng	95.00	102.50	7.2	2.6
L&T	147.50	112.00	23.4*	1.7
Lakhanpal	52.00	62.00	11.4*	3.1
Lakme	295.00	270.00	52.7	1.7
Lakshmi Mach	3750.00	3700.00	18.5*	0.7
Lakshmi Mill	1600.00	1400.00	8.6	1.6
Lakshmi Synth	70.00	75.00	—	—
Lipton	133.75	137.50	36.1	1.6
LML	31.00	24.50	155	—

Company	Closing price 9.8.91	Fortnight ago 26.7.91	P/E (times)	Yield (%)
Lorcom	115.00	110.00	9.2	2.6
Loyal Tex Mil	250.00	180.00	—	—
Lumax Ind	70.00	67.50	—	—
Madhusudan	65.00	62.50	8.5	3.1
Madras Alum	225.00	150.00	22.5	—
Madras Cement	5600.00	4700.00	249	0.5
Madura Coats	225.00	250.00	33.1	1.6
Mafatlal Fine	660.00	650.00	20.8	2.6
Mafatlal Ind	1375.00	1160.00	22.4	2.2
Mah Safe Gl	36.25	36.00	8.3*	—
Mah Scooter	210.00	190.00	11.0	1.2
Mahavir Spg	210.00	190.00	10.2*	—
Mahin & Mahin	105.00	66.25	12.7	1.7
Mahin Nissan	17.00	14.50	-11	—
Mahin Ugine	50.00	53.75	12.2	4.0
Malwa Cotton	170.00	167.50	8.3*	1.9
Mandovi Pell	62.50	52.50	—	—
Mangalam Cem	107.50	80.00	18.5	2.2
Mangalore Che	11.50	11.50	—	—
Max India	95.00	77.50	17.3*	3.2
McDowell	60.00	65.00	6.7*	4.2
McLeod Russel	160.00	160.00	11.5	2.8
Merind	132.50	135.00	15.5	1.5
Miles India	77.50	65.00	24.2	2.3
Milkfood	165.00	150.00	—	—
Mipco Seam	45.00	33.00	11.5	2.7
Modern Suit	37.50	45.00	17.8*	5.3
Modi Rubber	77.50	61.00	11.2	3.5
Modi Xerox	82.50	77.00	26.6	3.0
Modipon	82.50	67.50	2.5	4.8
Monsanto Chem	87.50	58.00	23.3	2.1
Montari	86.00	75.00	12.3	2.1
Morarjee Gocu	310.00	265.00	11.0	0.8
Motor Indust	1390.00	1410.00	35.5	1.0
MRF	550.00	540.00	17.0	1.1
Mukand	142.50	147.00	18.0	2.1
Munjal Showa	80.00	62.50	13.0	1.2
Murud Ceramic	56.00	55.00	8.7	2.9
Mys Kirlos	46.50	47.50	7.2	4.3
Mys Petro	55.00	55.00	7.7	5.8
Mysore Cement	160.00	96.00	27.5	1.1
Nag Signode	121.25	125.00	16.3*	—
Nagar Finance	15.00	15.00	2.1	13.3
Nahar Exports	132.50	147.50	—	1.5
Nahar Spg	570.00	635.00	7.1*	0.8
Nalco Chem	260.00	190.00	66.4	—
Nat Peroxide	2500.00	2050.00	83.3	0.4
Nat Radio	525.00	550.00	37.5	—
Nat Rayon	825.00	490.00	—	—
Nath Pulp	64.00	60.00	—	2.8
Nestle	185.00	162.50	47.4	1.4
Nicholas Labs	325.00	260.00	14.0	1.1
Nippon Denro	28.00	24.50	6.4	6.7
Nirlon	34.00	23.00	-2.5	—
Nocil	1650.00	1330.00	16.6	2.4
O.E.N. Conn	95.00	65.00	8.1*	—
Oil Country	25.00	18.50	129	—
Onida Saka	38.00	36.25	—	—
Onida Savak	80.00	77.50	19.2	1.9
Orient Abras	67.50	72.50	—	—

Stockmarkets

Company	Closing price 9.8.91	Fortnight ago 26.7.91	P/E (times)	Yield (%)
Orient Cont	105.00	87.50	8.2*	
Orient Paper	200.00	180.00	12.4	1.5
Orissa Cement	210.00	170.00	84.0	1.2
Orissa Sponge	92.50	76.25	18.9*	—
Orkay	30.50	26.50	152*	—
Oswal Agro	42.00	38.00	15.0	11.9
Otis Elev	220.00	205.00	29.3	1.1
Oudh Sugar	1050.00	925.00	9.5	2.6
Padmatex	36.25	34.00	9.4*	—
Paras Synth	77.50	66.00	5.0	3.2
Parke Davis	111.25	96.25	30.1	2.2
Patheja Forg	95.00	94.00	11.2	2.8
Pearl Poly	29.00	29.00	14.9	6.9
Peico	121.00	89.00	14.6	1.6
Pennar Steels	28.75	31.00	6.5	4.2
Pfizer	118.75	100.00	51.6	1.7
Piramal Spinn	145.00	140.00	—	1.4
Polar Latex	32.50	30.00	—	—
Polychem	67.50	65.00	5.9	2.7
Polyolefins	1650.00	1250.00	19.8	2.4
Ponds	255.00	271.25	33.5	1.5
Ponni Sugars	33.75	32.00	9.8	5.3
Prakash Ind	45.00	42.00	6.3	5.6
Prem Aut Elec	37.00	29.00	10.2*	4.3
Prem Tyres	250.00	225.00	—	—
Prem Vinyl	44.00	44.00	6.9*	—
Premier Auto	54.00	44.50	7.2	3.3
Premier Cons	200.00	200.00	4.8*	10.0
Prestige Food	56.25	53.00	—	—
Proc & Gamble	240.00	300.00	35.8	1.2
PSI Data	30.00	23.00	16.9*	10.0
Punj Alkalies	50.00	47.50	8.5	3.6
Punj Anan Lam	50.00	36.00	—	—
Punj Concas	190.00	160.00	—	—
Punj Nat Fert	16.00	16.00	—	—
Punj Tractors	240.00	262.50	12.1*	—
Punsumi	31.00	23.50	11.8	4.8
Raasi Cement	90.00	62.00	—	—
Rajas Petro	80.00	74.00	6.4	2.5
Rallis	120.00	77.50	63.2	—
Rampur Dist	75.00	72.50	—	2.4
Ranbaxy	250.00	227.50	18.8	1.0
Rane Madras	170.00	165.00	9.9	1.5
Rapicut Carb	55.00	57.50	14.0*	5.5
Rasoi	70.00	65.00	27.7	2.9
Rathi Alloys	40.00	47.50	6.8	10.0
Raymond Synth	24.50	20.00	—	—
Raymond Wooll	170.00	155.00	21.0	1.5
Reck Colman	230.00	300.00	20.7	2.1
Reg Ceramic	14.00	15.00	15.6*	—
Reinz Talbros	75.00	66.25	11.7*	—
Reliance	176.00	136.00	21.2	1.7
Reliance Cap	48.50	47.00	22.6	2.6
Reliance Pet	29.00	29.00	48.3*	6.2
Revathi C.P	110.00	100.00	11.6	2.3
Rhone-Poulenc	168.75	117.50	17.2	1.1
Rico Auto	110.00	91.25	10.5*	—
Roche Prod	75.00	75.00	34.1	1.6
Rollatainers	240.00	230.00	9.5	1.5
Ruplas	41.50	40.00	616	3.2
Rust & Horn	47.50	42.00	12.0	
S.I.Shipping	2150.00	1725.00	6.0	1.9
S.I.Viscose	1550.00	1225.00	7.7	2.3
Sandoz	117.50	112.50	10.5*	1.5
Sandvik Asia	1500.00	1175.00	17.2	2.0
Sanghi Poly	19.00	13.50	—	—
Sarda Ply	38.00	35.00	4.1*	—
Saw Pipes	112.00	97.00	31.5	—
Scindia	17.50	15.50	-0.6*	—
Searle	160.00	160.00	20.2	1.4
Secals	120.00	140.00	18.1	1.8
Sesa Goa	437.50	360.00	65.3	0.5
Shaw Wallace	170.00	130.00	13.4	2.5
Shree Acid	37.00	33.00	7.9	4.9
Shree Cement	75.00	62.00	11.5*	—
Shree Honda	35.00	40.00	14.3*	—
Shree Synth	70.00	57.50	22.5*	—
Shreyas Paper	90.00	85.00	6.4*	3.0
Shri Dinesh	1050.00	750.00	28.2*	2.1
Siemens	162.50	150.00	36.9	1.4
Simplex	112.50	110.00	5.5*	—
Sirp Paper	136.00	125.00	6.0*	1.1
Siyaram	57.50	52.00	11.0	3.6
SKF Bear	2650.00	2600.00	31.6	0.6
Skol Brew	22.50	23.00	8.3*	6.7
SM Dyechem	75.00	62.25	—	4.3
SM Zschimmer	80.00	73.75	—	—
Spartek	75.00	67.50	11.0	2.4
Special Steel	170.00	165.00	15.3	1.5
SPIC	62.50	54.00	9.2	2.6
Sree Ray Alk	30.00	28.00	86.1	—
SRF	52.50	37.50	12.5	—
Standard Batt	70.00	65.00	21.7	2.3
Standard Ind	125.00	100.00	104	1.6
Steel Strips	27.00	27.50	10.4	7.4
Steelage	33.00	29.00	9.9	6.1
Sten Apparel	42.50	37.00	—	—
Sterlite	132.50	120.00	6.1	3.0
Stovac Ind	280.00	320.00	9.0	1.0
Straw Prod	175.00	145.00	24.3*	1.7
Su-Raj Diam	52.00	44.00	3.7*	4.8
Sulzer	135.00	125.00	54.3*	—
Sund Clayt	58.75	40.00	588	2.0
Sund Fasten	115.00	101.00	12.4	2.4
Sunflag	32.50	25.00	—	—
Super Sales	135.00	125.00	9.5	2.2
Supreme	300.00	280.00	14.8*	0.9
Surat Elec	1000.00	910.00	29.8	1.8
Surya Agr	17.50	14.00	8.0	—
Swaraj Eng	102.50	99.00	14.7*	1.9
Swil	102.50	86.00	8.6	2.9
Synth & Chem	52.00	44.00	12.1*	4.8
Tata Chem	97.50	75.00	16.2	2.6
Tata Davy	50.00	41.25	—	—
Tata Eng	281.25	250.00	20.5	1.4
Tata Fin	55.00	55.00	17.5	3.6
Tata Honey	85.00	82.50	—	—
Tata Hydro	1500.00	1500.00	29.2	1.3
Tata Metals	285.00	260.00	9.5	1.1
Tata Oil Mill	90.00	77.50	15.5	2.2
Tata Power	2020.00	2050.00	35.5	
Tata Robins	58.75	40.00	31.4	
Tata Steel	237.00	217.00	33.9	
Tata Tea	417.50	362.50	13.8	
Tata Telecom	115.00	117.50	20.3	
Tata Unisys	290.00	235.00	18.8	
Tata Yodogawa	107.50	90.00	12.5	
Tea Estates	195.00	190.00	23.6	
Thomas Cook	220.00	250.00	18.6	
Tinplate	45.00	36.00	18.0	
Titan Watches	85.00	76.00	22.7	
Titanor Comp	115.00	122.50	—	
TN Petro	63.00	54.50	13.4	
Transpek	190.00	175.00	25.8	
Tristar Soya	84.00	58.00	4.9*	
Triveni Eng	160.00	140.00	9.2*	
TVS Whirlpool	37.50	33.75	—	
Twentieth Cen	30.00	31.00	6.7	
UB Petro	32.00	30.00	—	
Ucal Fuel	67.50	61.00	348*	
Ultramarine	166.25	155.00	11.9	
Unichem Lab	145.00	120.00	9.9*	
Unit Carbon	1550.00	1250.00	18.1	
Unit Phosp	222.50	210.00	13.7*	
Unitech	34.00	35.00	5.6	
Usha Martin	65.00	62.50	14.7	
Vam Org	190.00	187.50	12.1*	
Vanavil Dyes	75.00	58.75	11.4	
Varun Ship	32.50	32.50	4.0	
Vickers Sys	95.00	92.50	14.3	
Videocon App	127.50	107.50	8.7	
Videocon Int	285.00	175.00	4.3*	
Videocon VCR	65.00	50.00	14.1*	
Vikrant Tyres	37.50	30.00	7.0*	
Vinayaka Syn	33.75	29.00	12.0	
Vindhya Tele	74.00	63.75	26.4	
VIP Indus	65.00	62.00	4.9	
Visaka Ind	45.00	45.00	77.0	
Voltas	132.50	120.00	1.4	
VST	185.00	175.00	7.6	
Walchandnagar	32.25	27.50	2.6	
Warren Tea	195.00	180.00	9.3	
Wartsila	122.00	115.00	39.2*	
Wellman Inc	50.00	52.50	42.9*	
Wendt	50.00	52.50	50.0	
West Coast	725.00	550.00	21.2*	
West Ministil	55.00	55.00	13.3*	
Willard Ind	76.00	65.00	6.8	
WIMCO	43.25	35.00	4957*	
Wipro	285.00	275.00	4.3	
Wyeth Lab	100.00	90.00	35.1	
XLO Gwb Car	35.00	33.75	5.3*	
Yoko Keonics	77.50	63.75	15.4	
Z F Steering	43.75	41.00	21.9	
Zenith	32.50	26.50	-1.1	
Zuari	90.00	72.50	10.0	

P/E: Market Price/Earning per share

Yield: Dividend as a percentage of market price

** : Based on unaudited net profit. Dividend for such companies pertains to the previous accounting year*

olitary reaper

l the scrips moved up over the fortnight under review.

ongrats to our sole winner of IC348, Umesh C. for predicting the om accurately.

iven below is a new list of six scrips, and their closing prices on 9 August 91. Pick the share that you think will e the most in percentage terms by 9 otember 1991 and rank it number one. en choose the one that you expect will e the second most and rank it number o. Then number three, and so on till ık six. It's as simple as that!

, in this Investor Contest, you don't ve to predict the price of shares; you rely have to rank the performance (in rcentage terms) on the basis of the prices u expect each to reach on 9 September 91. You don't have to tell us the prices even the percentage changes you ect — only fill in the ranks from to six.

Please note that if you assign the same rank to two scrips, then the following one should be ranked the next consecutive number. For example, if you rank two shares at number three, the next will be number four (in which case, of course, your last rank will be five).

Scrips	Prices as on Tuesday 2 July 1991 (Rs.)	Prices as on Thursday 1 August 1991 (Rs.)	Ranks
Excel Industries	300.00	340.00	5
Zuari Agro	75.00	90.00	3
GKW	30.00	42.50	2
Hero Honda	78.75	93.75	4
S.M. Dyechem	68.75	72.50	6
Wires & Fabriks	91.00	130.00	1

es:

here is no entry fee.

he price mentioned last in the official quotation list e taken as correct for the purposes of calculation. If tock exchange remains closed on the stated last day, losing price on the prior day will be used.

ntries must be on the printed form given below. Any r entries will be disqualified.

nly one entry will be permitted per form.

nvelopes sent in should be marked Investor Contest.

ntries should be sent to: Investor Contest, **Business** a, Wadia Building, 17/19 Dalal Street, Bombay 001, by 5 pm, 5 September, 1991.

6. Business India's decision on the winning entries is final and binding, and no correspondence in this regard will be entertained.

7. The contest is open only to residents of India. No employee (or any direct relation of an employee) of the **Business India group of publications** is entitled to enter the contest.

8. The prize of Rs.5,000 will not be carried forward if there is no winner. In the event that there is more than one winner, the prize will be shared equally.

me of scrip	Prices as on Friday 9 Aug, 1991 (Rs.)	Rank as on Monday 9 Sept, 1991 (please fill in number)
bs	180.00	
Irrigation	150.00	
al Strips	270.00	
indra & Mahindra	105.00	
o Chemicals	260.00	
ier Auto	54.00	

e: _____ Age: _____

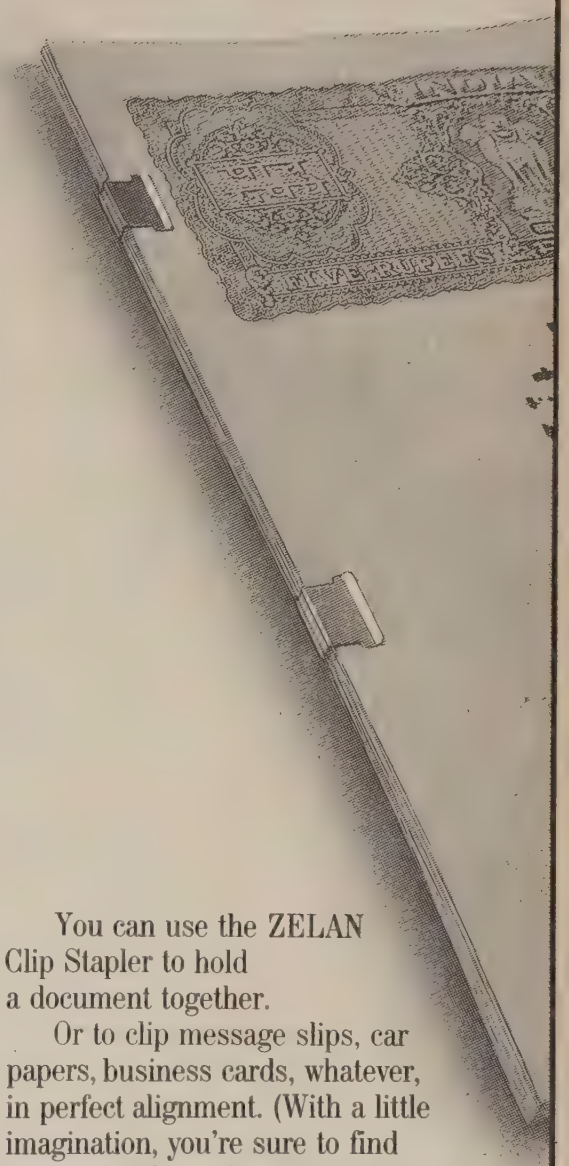
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Prescriptions for an emergency

INDIA'S ECONOMIC CRISIS: THE WAY AHEAD
By Bimal Jalan
OUP, 1991, pp 250, Rs.250

At a time when India is grappling with a severe resource crisis, any insight into the subject and ways to deal with it are bound to be noticed. This would be so even though the new finance minister, Manmohan Singh, has already unveiled a reforms package to put the economy on an even keel. Bimal Jalan, a former finance secretary and presently chairman of the economic advisory council to the prime minister, has also come out with a number of insights on the subject in his new book.

Some of the solutions detailed in the book (on which Jalan started work two years ago) are already being put into place by the finance minister. But there are some other initiatives to which no thought seems to have been given by the government of the day. It is here that the merit of Jalan's book lies. The problem of rising budgetary deficits is one of the major problems of today. Jalan, who himself has had a long innings in the government, says that in a multi-party democracy like India (where there are diverse pulls and pressures and conflicting demands on resources), experience shows that nothing short of a constitutional amendment, which is binding on all governments, central and state, will be effective in eliminating deficits. This is not the first time that such a suggestion has been made, but coming as it does from a former finance secretary only proves how difficult it is to contain the deficit.

New catchword. At a time when privatisation has become the new buzz word the world over, Jalan with his uncanny knack for practicality comes out with some down-to-earth suggestions in the Indian context. He points out that "as the size of the capital market is only about 1 per cent of the value of the total assets of the public sector (at historical cost), it is clear that a wholesale privatisation of public sector units is not a feasible option in the Indian situation in the forseeable future".

Jalan says that sick units and smaller units with low profitability could be sold through public offers, but beyond this the problems of the public sector should be solved within the framework of public ownership. To impel them to perform, a "hard budget" constraint has to be placed on them, and state and central governments would have to be prohibited from financing the losses of these units.

Korean model. To increase the productive efficiency of public sector companies, Jalan advocates the Korean conglomerate model (called *chaebol*) which, according to him, allows realisation of economies of large-scale production without reducing competitive pressure and market discipline. Monopolistic and monolithic enterprises should be broken into a few separate companies, and be made parts of multiproduct conglomerates. Distribution and price controls on these units should be totally done away with.

Coming from a civil servant, Jalan's comments on the bureaucracy and the role of the state are interesting. He points out that the over-extension of the state has now become a major roadblock in the path of progress and has outstripped available managerial and administrative capacities. The vast expansion of the s has also given rise to lobbies and co tions which have eroded the capacit the state to intervene in the interests o ciety. In this context, he also recomme decentralisation, which has become a litical necessity with the emergence strong regional parties.

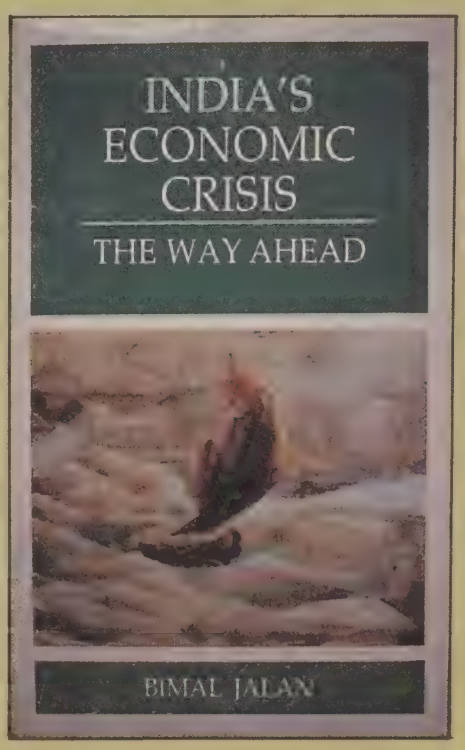
Competing centres. Jalan points out decentralisation will also have the i dental advantage of creating several c peting centres of power. According him, action is needed at two levels. P ning and financing of many activities dertaken by the cen government, like ru development and e cation, should be tra ferred to st governments. And, turn, the states sho turn over some of th functions to lo bodies.

Jalan also states t a lesson from recent h tory is that a delay taking corrective act when the economy is flicted, disprop tionately raises the co of adjustments. This one reason why a to reforms package m be quickly put in pla Finance minister Sin has been doing this precisely in rec weeks. But there is general apprehensi whether the whole package would be i plemented in the manner that it shou be. Jalan's warnings should be tak seriously by the government in t context.

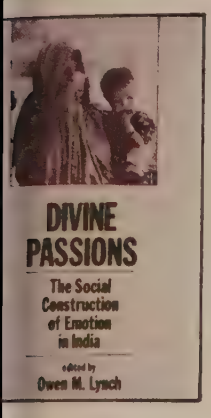
Interestingly, though Jalan talks of licensing and public sector reforms, has not said anything about the "exit p icy" which has become a major probl now. But he says that his recommend tions are those which can be effect quickly "within the constraints of the p sent political and economic system Probably, he does not think that the e policy is a measure which can be quick carried out. Or, perhaps he thinks th how much labour to use, should be a de sion of individual enterprises and the should not be any general exit policy.

■ KINGSHUK N

> Jalan points out that the over-extension of the state has become a major roadblock in the path of progress and has outstripped available managerial and administrative capacities



evotee and eity



DIVINE PASSIONS: The social construction of emotions in India
Edited by Owen M. Lynch
Oxford, 1990
pp 312, Rs.225

at mars this collection of essays is "the iges which (they) seek to replace". ey are, in editor Owen Lynch's words, ogis, lying on a bed of nails...white-rded gurus preaching meditation... se-knit families in which the aged and rm live out their days... ritualistic wor-pping by rote"

his is puzzling, for three of the nine ttributors to this volume (Lynch, Pau- Kolenda and Sylvia Vatuk) are well-wn and established Indianist anthro-ogists. *Divine Passions* then has two poses: to help the West better under-d Indian emotions and, what seems e important to the contributors, to develop a critical theory and under-ding of emotion in the West.

nthropologists and sociologists have ely concentrated on microcosms in r own frames of reference. Many cern Indologists have produced ok views" of our multi-religious, ti-ethnic, highly stratified society — -idealised pictures whose existence is btful. Yet their texts are important, without them many cultural processes ot be fully understood.

is perhaps a result of the youth of the ority of the contributors to *Divine ions* (five of whom completed then oral studies in the eighties) that they rejected western assumptions in ling the tricky subject of the basis of an emotions. What is common to the ributions is their description and ysis of emotions as culturally consti-d. They are not concerned with the hological reality.

ill, there are a few anomalies. These rs were selected from 19 presented at nference on "The anthropology of ng, experience and emotion in India" in 1985 at the University of Houston e US. While the conference is de-ed (by Lynch) as a dialogue between Indian and western social scientists, none of the contributors to this volume is Indian. Perhaps the inclusion of their views would have been seen as conflicting with the theme of the conference which, despite being presided over by M. N. Srinivas, appears quite strongly as a collection of views on the non-western "Other" by the western "Self"

The emotions examined in *Divine Passions* are several, but not all divine. Some relate directly to contemporary India — the *Dependency Anxiety Among the Elderly in India* by Vatuk; the *Moral Sensitivities of Sikhs in North America* by Verne Dusenberry; *Hare Krishna, Radhe Shyam* by Charles Brooks.

Emotion is also the subject of detailed studies, related by anthropologists simultaneously entranced by and suspicious of everything they see and hear. Margaret Trawick's *Ideology of Love in a Tamil Family* is a sensitive and self-reflexive paper. "*Mastram*" — the deep joy inspired by *bhojan, bhang, bhajan* and *kasrat* — is the dominant cultural idea of Mathura's Chaube Brahmin priestly community, as described by Lynch. Indeed, the themes of humour and food recur in this volume. They are the central transactions between devotee and deity.

■ RAHUL GOSWAMI

Cliched account



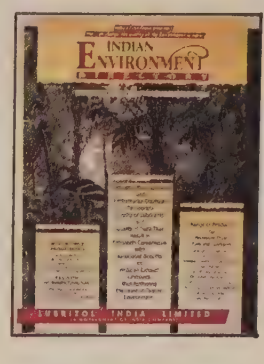
THE MAKINGS OF A MILLIONAIRE
By M.V. Kamath
Jaico, 1991
pp 188, Rs.200

"A Tribute to a Living Legend Raosaheb B.M. Gogte (Industrialist, Philanthropist & Educationist)" says the title page. A fairly readable tribute, even if it abounds in cliches despite the author's statement in his preface that they were shown "to the immediate door". Also sudden shifts from ponderous, platitudinal prose to Americanisms, including "gotten" — testifying to Kamath's journalistic stint in the US — cheek by jowl with ungrammatical usages, peculiar to Indlish journalese.

B.M. Gogte, for whose 75th birthday the biography was written, comes through as a man who used a combination of good luck (including the blessings of a tribal goddess), connections (Y.B. Chavan was a childhood chum) and the "determination to smile in the face of adversity" to rise from near penury to become a pillar of society in his native Belgaum and beyond. And what adversity! To quote Gogte himself: "Seven out of ten industries I started were failures." But as one speaker had said while felicitating him on his 61st birthday, "Gogte stands for 'Go and Get!'" — and that is just what 'Raosaheb' did.

■ SEKHAR SESHAN

A green directory



INDIAN ENVIRONMENT DIRECTORY
Edited by Rashmi Mayur
Astra Publishers, Bombay, 1991
pp 440, Rs.375

"The green directory of India is the first major attempt to address the crisis of deteriorating environment in India at a practical level," claims editor Rashmi Mayur in the preface. The directory not only lists the names and addresses of voluntary agencies involved in environmental action and companies supplying pollution control instruments, but also provides information on the status of environment pollution in India and compares this with other countries.

Much of the information presented in the overviews, however, is by now old hat. Also, figures relating to India are missed out in two tables — on emissions of pollutants in selected countries and waste generation and trade.

The list of pollution control instruments is revealing. Only 11 of the 18 listed are indigenously manufactured! No specifics are available on their standardisation. Also, most contributions are by company executives, which does not instil a sense of balance, while the chapter on case studies lists only two companies.

One must remember that this is a pioneering effort, and the editor admits "this directory is by no means complete nor final".

■ SHANKARI CHAKRAVARTY

Senior executive positions

A compilation of executive positions advertised in **Business I** and other major publications between 29 July and 11 August

THE FOUR BEST JOBS

- VICE-PRESIDENT (Merchant Banking Division) * Bombay * *Sal* Attractive * *Age/Qlfn* 35 years * CA/MBA * *Reqd* 4 years in merchant banking * *Cont* Selection Service, Champaklal Investment & Financial Consultancy Ltd, 2nd Floor, Regent Chambers, Nariman Point, Bombay 400021 (ToI-5.8)
- CHIEF EXECUTIVE (Manufacturing) * Gujarat * *Sal* Attractive * *Age/Qlfn* Above 35 years * Mechanical/Metallurgical engineer * *Reqd* 15-20 years experience in a senior capacity * *Cont* R.C. Vadhan, Chairman, Creative Marketing Consultants, Atlanta, Nariman Point, Bombay 400021 (ToI-5.8)
- GENERAL MANAGER * Maharashtra * *Sal* Attractive + perks * *Age/Qlfn* NS * NS * *Reqd* 20 years in cement fiel excluding 5 in senior position * *Cont* The Managing Director Walchandnagar Industries Ltd, Walchandnagar 413114 Maharashtra (ToI-5.8)
- VICE-PRESIDENT (Finance) * near Bombay * *Sal* Not lim iting factor * *Age/Qlfn* Around 45 years * Preferably CA MBA (Finance/corporate & work accountant) * *Reqd* 2 years including 5 as head of finance/commercial * *Cont* Box R-732-S, ToI, Bombay 400001 (ToI-22.1)

WEST

- VICE-PRESIDENT (Projects) * Bombay * *Sal* Attractive * *Age/Qlfn* 40-50 years * Engineer * *Reqd* 15 years experience * *Cont* CMP/A-2121, Datamatics Staffing Services, Post Box 106, GPO, Bombay 400001 (ToI-5.8)
- GENERAL MANAGER (Personnel) * Baroda * *Sal* NS * *Age/Qlfn* NS * PG in personnel management * *Reqd* 15 years experience * *Cont* Ms Pratibha Sheth, Executive Director, Shilputsi Consultants, P.B. No.9386, Bombay 400 026 (ToI-5.8)
- GENERAL MANAGER (Finance) * Bombay * *Sal* Excellent * *Age/Qlfn* NS * CA/MBA * *Reqd* 7-10 years all round finance experience * *Cont* Director HRM, P.O. 11695, Nariman Point, Bombay 400021 (ToI-5.8)
- MARKETING CONTROLLER * Bombay * *Sal* Excellent * *Age/Qlfn* Preferably above 35 * Chemical engineer/B.Sc. chem * *Reqd* 10-15 years experience including 5 at senior level * *Cont* General Manager, Personnel, Administration & PR, Indofil Chemicals Co, P.B. 9112, Bombay 400025 (ToI-5.8)
- GENERAL MANAGER (R&D) * Noida * *Sal* Attractive * *Age/Qlfn* NS * M.Tech/B.Tech in electrical/mechanical engineering * *Reqd* 10 years in R&D in electrical light engineering * *Cont* B.K. Gupta, President, Polar Industries Ltd, A-2, Sector 5, Noida 201301 Dt.Ghaziabad (UP) (ToI-5.8)
- GENERAL MANAGER (Works) * Maharashtra * *Sal* Negotiable + perks * *Age/Qlfn* * Chemical engineer, preferable with post graduate management qualification * *Reqd* 15 years including 5 in senior position * *Cont* The Director, Vinyl Chemicals (I) Ltd, Ram Krishna Mandir Road, Andheri (E), Bombay 400059 (ToI-29.7)
- HEAD OF OPERATIONS * Maharashtra * *Sal* Suitable * *Age/Qlfn* * Textile graduate * *Reqd* 5 years in a spinning unit managing operations * *Cont* President, RPG Corporate, 463 Dr. A.B. Road, Worli, Bombay 400025 (ToI-29.7)
- GENERAL MANAGER * Ahmedabad * *Sal* Attractive * *Age/Qlfn* 35 years * Engineer * *Reqd* 10-15 years in engineering in a senior of position * *Cont* Box S 294-5, ToI, Bombay 400001 (ToI-29.7)

SOUTH

- GENERAL MANAGER (Production) * Madras * *Sal* 35 years * *Age/Qlfn* NS * Engineers * *Reqd* 15-18 years experience, including as production head for at least 5 years in footwear industry * *Cont* MS/4407, A.F. Ferguson Associates, P.B. No. 1261, Madras 600034 (H-3.8)
- GENERAL MANUFACTURING * Madras * *Sal* Attractive * *Age/Qlfn* NS * Mechanical/production engineering * *Reqd* 15 years in AC and refrigerator systems manufacture * *Cont* Bo 130-S, ToI, Bombay 400001 (ToI-5.6)
- GENERAL MANAGER-PRODUCTION (Chemical & Bu Drugs) * Hyderabad * *Sal* NS * *Age/Qlfn* 40-45 years * Ph.D chemistry or chemical engineering * *Reqd* Over 10 years expe ence in a senior managerial position * *Cont* Personnel Manag Biological Ltd, 18/1&3, Azamabad, Hyderabad 500020 (H-7
- GENERAL MANAGER * Ankleshwar * *Sal* NS * *Age/Q* 40-45 years * Chemical engineer with Ph.D. * *Reqd* 15-20 ye experience in a chemical/bulk drug unit, out of which 3 years head * *Cont* The General Manager (P&A), Cadila Laborator Ltd, 244 Ghodasar, Maninagar, Ahmedabad 380008 (HT-3

OVERSEAS

- GENERAL MANAGER * Oman * *Sal* Attractive + benefit *Age/Qlfn* 35-40 years * Business management graduates * *Re* Five years general management experience * *Cont* MS/57 A.F. Ferguson & Co, Post Box. 1786, Bombay 400001 (ToI-4
- CHIEF EXECUTIVE * Nigeria * *Sal* Very attractive * *Age/Q* NS * Textile technocrat + MBH * *Reqd* 10 years experience head of a corporate textile mill * *Cont* Eastern Pacific Compar 112 Maker Chambers VI, Floor II, Nariman Point, Bomb 400021 (ToI-11.8)

xecutive positions

ToI — Times of India; *IE* — Indian Express; *H* — The Hindu; *S* — Statesman; *HT* — Hindustan Times; *ET* — Economic Times; *Econ* — Economist; *BI* — Business India

MESTIC

HIEF MANAGER (Production) * Hyderabad/Nagpur * *Sal* S * *Age/Qlfn* NS * Chemical engineer * *Reqd* At least 20 years perience PFY plant, preferably in polymerisation and direct inning * *Cont* The Corporate Consultant, DCL Polyesters Ltd, 3-666/B, 4th Floor, Deccan Chambers, Somajiguda, Hyrabad 500482 (H-7.8)

EGIONAL PERSONNEL MANAGER * Madras * *Sal* NS * ge/Qlfn 35 years * Personnel pros with degree in law * *Reqd* 10 years experience in reputed organisation * *Cont* Vicesident (Personnel), ESAB I Ltd, P.O. Box No.120, Thane 0601 (H-7.8)

ANAGER EXPORTS * NS * *Sal* NS * *Age/Qlfn* 30-40 years * elevant * *Reqd* 5 years experience * *Cont* The Chief Executive, H International, 311 Ashoka Estate, 24 Barakhamba Road, ew Delhi 110 001 (ToI-3.8)

ENERAL MANAGER * NS * *Sal* Suitable * *Age/Qlfn* Below years * Mechanical engineer * *Reqd* 16 years experience * ont Box 892, ToI, Bombay 400001 (ToI-5.8)

ERSONNEL MANAGER * Gujarat * *Sal* NS * *Age/Qlfn* -40 years * Suitable * *Reqd* 7 years senior level experience * ont The Management Consultant, Rohit Pulp & Paper Mills d, Post Box No.1369, Bombay 400001 (ToI-5.8)

RSONNEL MANAGER * Bombay * *Sal* Excellent * *Age/* fn 35 years * PG in personnel management * *Reqd* 10-12 years manufacturing * *Cont* IPM/DKT/1196, ABC Consultants Pvt d, 303 Embassy Centre, Nariman Point, Bombay 400021 oI-5.8)

ANAGER (Purchase) * NS * *Sal* Attractive * *Age/Qlfn* NS * emical engineering/B.Sc chemicals with postgraduate in manment * *Reqd* 2-3 years experience in purchase * *Cont* S/189, Personnel Search Services, 3rd Floor, Sambava Chams, P.M. Road, Fort, Bombay 400001 (ToI-5.8)

ODUCTION MANAGER * Hyderabad * *Sal* Rs.1 lakh ss * *Age/Qlfn* 40 years * B.Tech chemical engineering/M.Sc d technology * *Reqd* 10-12 years in continuous process indus-s * *Cont* PMF/MDS/29, K.Shaakar Raman, Regional Man-r, ABC Consultants Pvt Ltd, 4 Khader Nawaz Khan Road, dras 600006 (ToI-5.8)

ANT MANAGER * Bombay * *Sal* Attractive * *Age/Qlfn* ound 38 years * Engineer preferably PG in business manageit * *Reqd* 15 years experience * *Cont* Managing Director, rader Scovill Duncon Ltd, Mulund, Bombay 400080 I-5.8)

RKETING MANAGER (Speciality Chemicals) * Delhi * No constraint * *Age/Qlfn* NS * PG in polymer science/ mistry/chemical engineering * *Reqd* NS * *Cont* Ms. Pratibha th, Executive Director, Shilputsi Consultants, P.B. No.9396, mbay 400026 (ToI-5.8)

RKETING MANAGER (Intermediates and Chemicals) * * * *Sal* Above Rs.1.20 lakh * *Age/Qlfn* 40 years * PG in organic mistry with marketing qualification * *Reqd* 7 years in marketintermediates and chemicals * *Cont* Director, Administration Personnel, Colour-Chem Ltd, Ravindra Annexe, 194 rchgate Reclamation, Bombay 400020 (ToI-5.8)

JECT MANAGER (Development) * Delhi * *Sal* Attractive ge/Qlfn NS * Chemical engineer, preferably engineer * *Reqd* ears in project planning and development * *Cont* 8/1-91, The e-President (HR), Triveni Engineering Works Ltd, Kailash I Floor), 26 K. Gandhi Marg, Delhi 110001 (ToI-6.8)

- MANAGER PURCHASE * Bombay * *Sal* * *Age/Qlfn* 30-35 years * Preferably engineer * *Reqd* 8 years experience in engineering industry * *Cont* CMP/A-2113, Datamatics Staffing Services, P.B. No.106, GPO, Bombay 400001 (ToI-7.8)
- MANAGER (Finance) * Pune * *Sal* Best in industry * *Age/Qlfn* 35 years * CA/MBA with finance specialisation * *Reqd* 10-12 years * *Cont* MF, The Personnel Department, Finolex Pipes Ltd, Block D1, Plot No.10, MIDC, Chinchwad, Pune 411019 (ToI-7.8)
- MANAGER (Engineering) * Gujarat * *Sal* NS * *Age/Qlfn* NS * Mechanical engineer * *Reqd* 15 years experience with 5 years in managerial position * *Cont* Cyanides & Chemicals Ltd, P.B. 11551, Bombay 400021 (ToI-5.8)

OVERSEAS

- SENIOR CONSULTANT * Jamaica * *Sal* Competitive + benefits * *Age/Qlfn* 30+ * Graduate in computer science * *Reqd* 7 years system development experience and 2 years with LINC/4GL * *Cont* MS/5711, A.F. Ferguson & Co, Express Towers, Nariman Point, Bombay 400021 (ToI-4.8)
- SENIOR PROJECT MANAGER * Tanzania * *Sal* Rs.25,000-26,000 per month + benefits * *Age/Qlfn* Above 35 years * BE preferably with CAM/PERT training * *Reqd* 10-15 years experience * *Cont* R.C. Vadhar, Chairman, Creative Management Consultant Services (I) Ltd, 21 Atlanta, Nariman Point, Bombay 400021 (ToI-4.8)
- SALES MANAGER * Kenya * *Sal* KSH 18,000 pm + accommodation + car * *Age/Qlfn* 35-45 years * Textile engineer * *Reqd* To lead a sales team. Knowledge of spinning weaving and finishing * *Cont* Anand & Associates, 914 Maker Chambers V, Nariman Point, Bombay 400021 (ToI-11.8)
- PRODUCTION MANAGER * Jakarta * *Sal* Attractive + accommodation * *Age/Qlfn* 30-40 years * An engineer * *Reqd* At least 5 years experience as production manager specialisation in jeans/trouser manufacturing * *Cont* S.B. Billimoria & Co, P.B. No.4325, New Delhi 110019 (HT-6.8)

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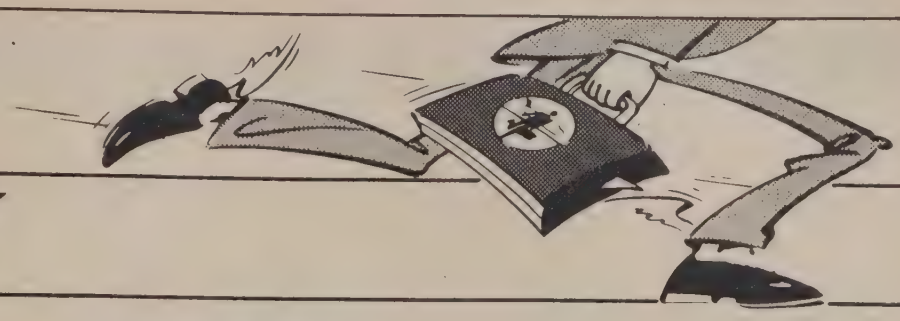
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MS : 801

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PRESSMAN

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HTA 9334

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Diason

Shilpatsi

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Qualifications: Post graduate in personnel management and extensive experience in all aspects of personnel management of about 15 years.

COMPANY SECRETARY
BARODA

The Job: The Company Secretary will be responsible for all company secretarial and legal matters. He will advise the management on matters pertaining to legal provisions relating to FERA, Patents, Contracts, Customs etc. He will arrange Board meetings and ensure compliance with statutory requirements.

Qualifications: ACS with atleast 12 years of experience in the Secretarial department of a large concern. Experience in handling legal matters will be an advantage.

Remuneration: The company offers one of the best remuneration packages in the country and will not be a constraint for the right candidate.

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Ms. Pratibha Sheth,
Executive Director,
Shilputsi Consultants,
Post Box No. 9386,
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The appointee will have overall responsibility for the production and related activities of the cold rolling mills. Achieving the agreed production targets to the required cost and quality parameters will be key functions. Suitable candidate will be a graduate mechanical/metallurgy engineer with at least 10 years experience in the rolling mill operations. Age group 35-40 years. **(Ref. No. CMP/A-2109)**

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Steel Industry

The incumbent will have total responsibility for the mechanical maintenance of the plants. Ensuring minimum down time, annual shut down/spares planning and trouble-shooting will be key areas. Suitable candidate will be a graduate mechanical engineer with at least 10 years relevant experience in the steel industry. Age group 35-40. **(Ref. No. CMP/A-2110)**

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This is a senior opening entailing overall responsibility for the entire Personnel and Administration functions of the company employing over 850 personnel at the plant, corporate office and branches all over the country. Accent will be on HRD functions and implementing personnel policies and systems will be among the key result areas. Suitable candidate will have post-graduate qualifications in Personnel Management/Social Sciences with around 15 years well-rounded experience in all facets of Personnel Management including HRD. Age group 35-40. **(Ref. No. CMP/A-2111)**

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This is a critical position entailing assisting the M.D. in his multi-faceted technical functions. Analyzing relevant data, co-ordinating with functional heads, executing special assignments, and generally acting as MD's alter ego will be key result areas. Suitable candidate will be a graduate engineer, preferably an MBA, with around 8 years experience in any of the manufacturing functions in the Engineering industry. Multi-functional experience or exposure to staff functions will be an asset. Preferred age: around 35. **(Ref. No. CMP/A-2112)**

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Bank officers can Bank on this opportunity to enter the top management cadre of a private sector bank

An officer's post in a bank might have been your dream years back. But after that what? You might be bubbling with ideas to improve the performance of the banking industry, but might not have found the right avenues to implement them. You may be wondering what there is in store for you in the future.

A Tamilnadu based private sector bank now offers you an opportunity to fulfill your dreams and mould your future. **A bank with offices across the country and affiliations across the globe, has vacancies in its top management cadre. The opportunity, you have been waiting for.**



GENERAL MANAGER

in the scale of Rs.6100-150-7000
(Emoluments at the minimum scale would be Rs.10140/-)

The right job for dedicated people with a decisive mind and 20 years experience as a senior officer.

DEPUTY GENERAL MANAGAER

in the scale of Rs.5650-150-6550
(Emoluments at the minimum scale would be Rs.9600/-)

Hard workers taking the right step towards progress. 15 years prior experience as a senior officer in banking will come handy.

ASSISTANT GENERAL MANAGER

in the scale of Rs.5050-150-5950
(Emoluments at the minimum scale would be Rs.8800/-)

Smart go-getters dedicated to the profession. 10 years experience as an officer will give the right touch.

For the above posts, candidates should be graduates with CAIIB. Preference will be given to MBA/CA qualification. Age not to exceed 45 years for the posts of DGM and AGM, while for the post of GM, age not to exceed 50 years. **However, age limit can be relaxed in deserving cases.**
Interested candidates may send in their resumes within 20 days, to:

AA/351/LA/2, **Business India,**
Flat No. 4-A-JP Tower, 4th floor, 7/2 Nungambakkam High Road, Madras-600 034.

WALCHANDNAGAR

CEMENT MACHINERY DIVN.

Requires

GENERAL MANAGER

To take full charge of the Cement Machinary Division; including Marketing, Design, Manufacturing and Customer liaison functions. He should be able to lead a team of professionals and engineers and be capable of independently looking after the division's business interest, including technical matters, top level negotiations and effective execution of orders.

This is a very senior position in the organisation and the candidates applying should have about 20 years relevant experience in cement field out of which atleast five years should be in senior managerial position in a reputed organisation.

The successful candidate will have future prospects of becoming Vice President in charge of Cement and other related divisions, after proving his merit on the job.

TECHNICAL MANAGERS

The candidates should be Chemical/Mechanical Engineering graduates having atleast five years direct experience in preparation of lay outs, process design, equipments sizing, and preparation of heat/gas/material balances and estimation for large size modern cement plant. They should be conversant with state of the art technologies and overall systems design of cement plants.

Experience in implementation of cement projects on turnkey basis/operations on large size modern cement plants will be considered as an added qualification.

The remuneration package will be attractive and commensurate with qualifications and experience. Housing and other facilities will be provided by the Company.

HEAD QUARTERS : Walchandnagar, Maharashtra. (135 kms from Pune).

Walchandnagar Industries Limited has turnover of around Rs. 100 Crores which is expected to be doubled in very near future. The manufacturing range includes turnkey projects for Sugar and Cement Machinery, Critical Defence and Navy requirements, Hi-tech equipments for Nuclear Power Plants. Space Programme, Chemical, Fertilizer and Petro Chemical Plants etc., Boilers, Gear boxes and Special products.

Apply within 15 days giving bio-data, present and expected remuneration to :

WALCHANDNAGAR

THE MANAGING DIRECTOR
WALCHANDNAGAR INDUSTRIES LTD.,
WALCHANDNAGAR : 413 114, MAHARASHTRA.

WALCHANDNAGAR

GAJRA BEVEL GEARS LIMITED.
DEWAS

GBGL is a rapidly growing, professionally managed Company with an expected turnover of Rs.50 Crores for the year 1991-92. The Company manufactures Crown Wheels & pinions, Differential Kits and Housings, Axle Shafts and Cam Shafts etc.

We are looking for dynamic and result oriented persons to fill the following challenging positions in the Senior Management cadre :

GENERAL MANAGER (MARKETING)

Around Rs.1.6 lacs plus Perks as per Company Rules

He will be totally responsible for overall marketing activities and keeping pace with rapid growth in turnover. Will look after 19 Branch Offices all over India and a field force of 60 Sales & Service Engineers. Also a number of OEM customers in the Automotive & Tractor field.

Candidate should be a Mechanical Engineer preferably with an MBA Degree and presently heading the Marketing function of a large Automotive Engineering or Ancillary Company with atleast 10 years experience at a Senior level.
Age - Around 40 years.

DEPUTY GENERAL MANAGER (MARKETING)

Around Rs.1.4 lacs plus Perks as per Company Rules

The qualifications would be as above with minimum experience of 7 yrs.
Age - Around 35 years.

Apply with a recent passport size photograph within 10 days to :

The Manager - Personnel
Gajra Bevel Gears Ltd.
Industrial Area, Agra-Bombay Road
Dewas (M.P.) - 455 001.

Imageads

Our client is a leading manufacturer and exporter of leather, shoes and products based in Madras with a group turnover in excess of Rs.40 crores, and substantial expansion and diversification planned in the next 3-5 years. As a part of building up a sound and progressive organisation to manage the future plan, they require for Shoes Division.

GENERAL MANAGER - PRODUCTION

(MS/4407)

GM (Production) will be responsible for high productivity and timely achievement of targets adhering to the strict international quality. He will be supported by Managers in charge of planning, quality assurance, production and maintenance.

This is a senior level position reporting to the Managing Director.

Candidates should be Engineers with 15-18 years of experience, including as production head for at least 5 years in Footwear industry. Preferred age : around 35 years.

DEPUTY GENERAL MANAGER - MATERIALS

(MS/4408)

DGM (Materials) will be the head of the complete materials function and be responsible for planning, procurement and management of materials in the factory.

Candidates should be Graduates with additional qualification in materials management, and 10-12 years of relevant experience including at least 5 years in a Senior position. Preferred age : 35 years.

PRODUCTION MANAGER (UPPERS)

(MS/4409)

Production Manager (Shoe Uppers) will be responsible for high productivity, achieving production targets and quality of production of shoe uppers.

Candidates should be Engineers/Footwear technologists with 8-10 years of production experience, including at least 5 years in shoe uppers. Preferred age : 30-35 years.

MANAGER - QUALITY ASSURANCE

(MS/4410)

Manager (Quality Assurance) will be responsible for ensuring strict adherence to the international quality requirements and installing a sound QA system for every stage of the production process.

Candidates should be degree/diploma holders in Leather technology/Footwear technology with 8-10 years of experience, including at least 3 years at a senior level in Quality Assurance.

Candidates with extensive Quality Assurance experience in other industries will also be considered. Preferred age : 30-32 years.

All the above positions are based at the factory near Madras and offer good scope for career growth.

The compensation package is very attractive and will not be a constraint for the right candidate.

Please apply, stating full particulars and quoting reference number, within 7 days, to

A.F. Ferguson Associates
Post Box No. 1261
Madras 600 034

IF YOU ARE AT THE MIDDLE MANAGEMENT LEVEL WITH PROVEN MANAGERIAL QUALITIES AND THE DETERMINATION TO GROW WITH THE ORGANISATION THIS MAY BE THE OPPORTUNITY YOU HAVE BEEN LOOKING FOR

The Company, with a turnover of over Rs. 500 crores, has diversified interests - from participating in developmental projects/activities of the country; project export to tourism and industry. The openings are in the Company's most modern Cement Plants in Madhya Pradesh, with a fully developed township with all modern amenities including a cable TV network and sports complex.

(A) Dy. General Manager (Operations)

Age : 35 - 40 years

The incumbent will be required to shoulder the responsibility of the full gamut of Operations of the main production line of the new plant with the assistance of a team of highly qualified and committed engineers and workers. He will be required to maintain close co-ordination with the other line managers of Process, Quality Control, Electrical - Instrumentation , Mechanical, etc.

A Graduate or Diploma holder in Mech./Elect. Engineering with 14-18 years of experience in a large dry process modern cement plant, possessing a high level of managerial and technical competence, interpersonal skills, and capability to lead by personal example, will be ideal for the job.

(B) Dy. General Manager (Inputs)

Age : 35 - 40 years

The incumbent will be required to shoulder the responsibility of the Raw Materials management of Coal, Gypsum, Laterite, etc., including procurement and movement to the factory by rail and road for timely availability.

A well qualified, experienced, result-oriented person having a keen grasp of commercial matters with the right kind of contacts and links with appropriate agencies and a positive approach for getting the job done, will be ideal for the job.

Both the positions are located at the factory site. Salary and perquisites are comparable with the best in the industry and will not be a limiting factor for the right candidate. Candidates, capable of putting in long, gruelling hours at work, keen on a long term relationship with the company may apply giving their full bio-data within fifteen days to :

Box No. AA/351/LJ/1,
Business India, 59, Regal Building,
Connaught Circus, New Delhi 110001.

MELTRON

IAHARASHTRA
LECTRONICS
ORPORATION LIMITED
Government of Maharashtra
ndertaking)

EDS

DEPUTY GENERAL MANAGER (FINANCE)

OMBAY **Excellent Terms**

ne incumbent will be the corporate ad of finance and accounts nctions and will report to the anaging Director of the Corporation. e will be responsible for all aspects finance and accounting systems d controls, evaluation of operations, dit Systems and Corporate xation. He will be assisted by a m of Chartered Accountants.

e candidate should be a Chartered countant with a proven track record about 19 years at senior levels with puted commercial organisations. ofessional expertise in overall nance Management and ability to d a team of professionals are ential.

MOLUMENTS

gotiable around Rs. 7,500/- p.m.

sides emoluments, attractive perks e Contributory Provident Fund, atuity, Leave Travel Assistance, dical Assistance, Group Personal Accident Insurance, Encashment of Leave and Car Maintenance Allowance are available under the rules of the Corporation.

AGE

Below 50 years.

Other things being equal, preference will be given to candidates belonging to SC, ST and VJNT communities. Such candidates will be eligible for concessions relating to age and experience as per the State Government directives. Candidates working in Government, Semi-Government Organisations and Public Sector Undertakings should send their applications through the proper channel with an advance copy to MELTRON.

Applications giving details of age, academic and professional qualifications (with the year of passing), work experience (with name/s of organisation/s, position held, period and the nature of work done), state of domicile, caste (if one belongs to the Backward Class Community), current salary, perks and salary expected should be sent within 10 days to:

Deputy General Manager
(Personnel & Administration)
MAHARASHTRA ELECTRONICS CORPORATION LIMITED
Raheja Centre, 13th floor,
Nariman Point, Bombay 400 021

ME 700

KHAITAN GROUP

requires

SENIOR MARKETING EXECUTIVE

Location : Calcutta **Salary best in Industry**

Age : Around 35 years

The Khaitan group is a professionally managed organisation with a highly motivated management team. The Group is in the process of expanding its activities in the area of manufacturing import-substitutive high quality basic refractory raw materials such as Dead Burnt Magnesite, Simultan Clinker, High Quality Sintered Magnesia etc. at a total outlay of over Rs.250 crores over the next 3 years.

The Group requires a Senior Marketing Executive to assume total charge of all marketing functions related to the above including determining demand pattern, developing marketing strategies and pricing policies, market development in India and abroad, developing a national sales team and ensuring customer services.

The candidate should have a degree in Metallurgical/Ceramic Engineering from a reputed University with around 10 years experience in which at least 4/5 years should be in a responsible position in the marketing set-up of a reputed unit in the refractory / steel / cement / allied industries.

The position calls for a self driven person with initiative and entrepreneurial acumen who will take the assignment as a challenge. The package will be tailored to attract the best talent in the Industry.

Applications with bio-data should be sent within 10 days to:

The Managing Director
Khaitan Hostombe Spinels Limited
5B Judges Court Road
Calcutta 700 027

PRESSMAN

ABC's major specialisations include Corporate Consultancy

LARGE BUSINESS HOUSE

Chemicals Marketing — Engineer – MBAs

Our client is a diversified Industrial Group who, along with associates, has a turnover exceeding Rs. 500 crores. Their interests are in a wide range of chemicals, including **speciality chemicals and thermoplastics** besides other businesses. Some of their **hi-tech products** are forerunners in the field being manufactured in collaboration with World leaders.

The Group, having an All India image, believes in providing a healthy, congenial and stimulating work environment and has a talented team of high calibre and achievement oriented professionals.

MANAGERS/ASST MANAGERS

Marketing

Bombay/Delhi — **Around 1.25 lacs gross**

The incumbents' primary responsibiiity would be to provide direction to sales activities and the sales team in the region, initiate measures to increase sales in the short term and provide support for the development of markets across wide customer segments in the long term.

Candidates should be Graduates in Engineering, preferably Chemical,with an **MBA from a premier institute** and should have sufficient experience in marketing at branch levels in a competitive environment. Age: 30-35 years. Code: MAM/MDS/31.

ASSISTANT MANAGER

Market Development

Madras — **Around 1 lac gross**

The incumbent's primary responsibility would be to concentrate on the development of markets for new products, carry out detailed surveys to exploit the potential in various segments, provide technical support to customers and techno-marketing support to the sales team.

Candidates should be Graduates in Engineering with an **MBA from a premier institute** and 2-3 years experience in marketing in a competitive environment. Age: Around 28 years. Code: AMM/MDS/32.

The compensation packages mentioned above are indicative and will not be a constraint for exceptionally bright candidates. Apply within ten days with detailed bio-data and recent passport-size photograph marking envelope & application with appropriate job title & code.

ABC CONSULTANTS PRIVATE LIMITED
4, Khader Nawaz Khan Road, Madras 600 006 Tel 470778

Manpower Audit & Planning ● Managerial Appraisal ● Salary Survey

SWOT Analysis ● Organisational Restructuring ● MIS ● Systems & Procedures

Shilpatsi

GE PLASTICS INDIA LTD (GEPI)

Our client, GE Plastics India Ltd. (GEPI), is a Joint Venture Company of GE Plastics B.V., the world leader in manufacturing and marketing of advanced engineering thermoplastics and Indian Petrochemicals Corporation Limited, (IPCL), a leader in petrochemicals in India. The partners have planned to set up a Rs. 700 crores project to produce locally a wide range of engineering thermoplastics including alloys, blends and compounds. Besides India, the marketing territory for this Joint Venture Company includes all neighbouring countries and Middle East.

As part of the initial phase of the project, intensive market development activities have already been initiated. A plant for alloys, blends and compounds is being set up at Baroda backed by a state-of-the-art Application Development Centre near Delhi.

This is a new organisation with plans for rapid growth. To strengthen the existing team we are looking for dynamic professionals.

MARKETING MANAGER –
SPECIALITY CHEMICALS
DELHI

The Job: The job involves independent responsibility in developing the markets for a range of proprietory anti-oxidants, stabilizers, modifiers being produced by M/s. GE Plastics, Speciality Chemicals Group. The candidate should be able to interact with highly specialized professionals in the plastic industry and offer technical support to users.

Qualifications: Post-graduate in Polymer Science/Chemistry or graduate in chemical engineering with about 8 years' in industrial marketing in a related field. Experience in marketing chemicals/additives to plastic raw material manufacturers is desirable.

REGIONAL MANAGER
BANGALORE

The Job: The job involves sales of engineering thermoplastics and involves extensive travelling and customer visits. The incumbent will draw on the company's resources to satisfy customer needs.

Qualifications: MBA with a basic qualification in Engineering or post graduation in Science. He should possess good communication and interpersonal skills and have about 5 years' experience in industrial marketing/selling. Experience in marketing plastic raw materials is desirable.

The selected candidates for the above positions will be initially trained in Europe/USA.

Remuneration: Remuneration will compare with the best in the country and will not be a constraint for the right candidate.

Please write in strict confidence to:

Ms. Pratibha Sheth,
Executive Director,
Shilputsi Consultants,
Post Box No. 9386,
Bombay 400 026.

Our client is a well known multi-product, multi-division organisation with a current turnover of about Rs. 200 crores. The company manufactures and markets a large range of well-known consumer products which enjoy excellent brand image and are market leaders. To give added thrust to their ambitious growth plans, the company is looking for highly dynamic and result-oriented Divisional Managers.

DIVISIONAL MANAGERS

(Mass Consumer Products)

Metro Cities **Excellent Terms**

The incumbents will report to the All India Sales Manager and assume independent charge of marketing & sales activities in their respective divisions. They will achieve pre-determined ambitious sales targets & sustained levels of growth in market share through innovative & well defined strategies. They will build & train a competent sales force comprised of Regional Managers, Area Managers, Sales Supervisors/ Representatives, and effectively monitor dealer/distribution network. They will also actively participate in product development, promotional campaigns, pricing and strategy formulation. The positions call for aggressive sales capabilities on the basis of modern sales & marketing techniques.

Candidates should be MBAs from an institute of repute with about 10 years relevant experience in selling mass consumer products, out of which 2 - 3 years should be as Regional/Branch Manager. Thorough knowledge of the division, excellent sales management & communication skills and ability to lead & motivate a sales team are essential attributes. Age: around 35 years.

THE COMPANY OFFERS AN EXCELLENT WORKING ENVIRONMENT AND AMPLE GROWTH OPPORTUNITIES FOR ACHIEVEMENT - ORIENTED PROFESSIONALS. THE COMPENSATION PACKAGE WILL NOT BE A LIMITING FACTOR FOR THE RIGHT CANDIDATES.

Apply within 10 days with Bio-Data giving details of age, qualifications, experience, salary drawn and expected, marking the envelope & enclosures with Job title & code DM/7 to:

omam Consultants Private Limited

14-D, BASANT LOK,VASANT VIHAR,NEW DELHI-110 057.TEL: 670821/604587.

Srishti

CITIL *COS*

We're looking for people like these two gentlemen.



And we aren't talking about Messrs. Reagan and Gorbachev.

We are looking for Financial Analysts.

You'll act as an interpreter. Translating our clients' needs for our software specialists. You'll also assist us in analysis, design, implementation, user training and systems documentation.

You are preferably an MBA with a specialisation in finance. Or a CA. Or a banker.

You have 4-8 years of experience in any of the following areas:

- Investment Management/Analysis
- Mutual Funds
- Securities Trading
- Corporate Finance
- Treasury Management
- Financial Engineering
- Custodial Services
- Funds Management

You are an excellent communicator. Who's familiar with computer applications. And, if you also have exposure to software development... Terrific!

And what does all this translate into?

An exciting environment. And a great compensation package. Which includes accommodation in Bombay on rent recovery basis.

Get the picture?

Write within 10 days to:
The Manager – Human Resources
Citicorp Software
133, SDF 5, SEEPZ, Andheri (East),
Bombay 400 096

C I T I C O R
S O F T W A R

CITICORP

Ah! So you feel you're getting smothered in your present job?

You've been in the building material/ sanitaryware/ paints industry for over a decade. Enjoy a tremendous rapport with the trade. Institutional selling is your forte. You've dabbled in exports. And so far professionally, the going's been good.

But now things are beginning to slow down. The boss just doesn't let you take decisions. The money too could be better.

Well we think, it's time you met us at Seema Industries. We're looking for a

Marketing Manager.

Delhi based. With a background like yours. To help us put together our marketing act for selling our revolutionary range of cultured marble products. Being currently introduced in the market under the brand name, Silgo. Developed in technical collaboration with Respecta GmbH of Germany.

"G O S H ! W H E N W I L L I E V E R G E T T O M A K E D E C I S I O N S A R O U N D T H I S P L A C E ? "

You'll be No. 1 in marketing. With lots of challenges. Hardwork. And achievements too, to look forward to. The moneys of course will be adequately attractive.

So if you think you're right for the job, write into:

Mr. T.R. GOYAL,
Managing Director,
Seema Industries Ltd.,
A-73, South Extn. Part-II,
New Delhi-110049

And we hope it will be a mutually beneficial decision.

SILGO

A PRODUCT OF SEEMA INDUSTRIES LTD

Interact:D:SI:1251

SESA GROUP

INFORMATION SYSTEMS

SESA SEAT INFORMATION SYSTEMS LTD. is a multinational Company formed in technical and financial collaboration between SESA GOA LIMITED and STET s.p.a. of Italy, who are pioneers in the information industry in Europe; publishing more than 87 edition of Business and Yellow Page Directories worldwide.

In India **SESA SEAT** are the Official Publishers of the Telephone Directories with Yellow Pages for the cities of Pune, Baroda, Valsad, Surat, Bhopal and the Yellow Pages for Kanpur. **SESA SEAT** also publishes "The Indian Business Directory" besides other information-based products like Direct Mailing, Direct Marketing, Telemarketing and Tele-information services.

To grow with us, and help expand our activities, **SESA SEAT** requires :-

REGIONAL MANAGERS/AREA MANAGERS

For our business operations at Regional/State levels controlling several branches. The candidate should be 30-35 years of age with 5-7 years of experience in directly controlling a strong managerial team.

DISTRICT MANAGERS/TERRITORY MANAGERS

For a number of metropolitan and semi-metropolitan cities and towns, to take charge of sales operations of well defined territories. Candidates should be 27-32 years of age with 3-5 years experience in direct selling and possess leadership qualities to handle a strong sales team and take over independent charge of branch sales operations.

PRODUCTION MANAGER

Age 30-35 years with background in printing technology and minimum 5 years experience in the printing industry. Will be a member of the senior management team and assume independent charge of the production function.

MANAGER – ACCOUNTS

Age 30-35 years. C.A.'s with 5-7 years of post-graduate experience in multi-branch organisations to take over independent charge of complete accounting functions of the Company.

Very attractive remuneration packages, including Company housing and other liberal perks are offered for the right candidate.

Send in your detailed profile/resume with a passport sized photograph to :

The Managing Director, Sesa Seat Information Systems Ltd., 209-211 Akshay Complex, Dhole Patil Road, PUNE-411 001. Tel. No. 661500, 661514.

SESA SEAT

Why a successful company with proven professionals still needs more



The business environment is continually changing. This requires successful companies to adapt creatively to meet the challenges of change. Deepak Nitrite selects and nurtures the best of talents and provides a conducive environment to meet these challenges. It is, ultimately this commitment to its people that distinguishes a great company from a good company.

Deepak Nitrite Limited
A determined drive for excellence

MANAGER-SALES (DNL/20)

Bombay

The incumbent will be responsible for achieving sales targets in a highly competitive market through a young sales team. He will also be required to oversee Regional/Branch operations.

We are looking for a Chemical Engineer/Post-graduate in Chemistry with an MBA in Marketing. He should possess around 10 years experience in selling industrial chemicals. A high degree of dynamism and result orientation essential.

Preferred age: Around 32 years.

MANAGER-MARKET DEVELOPMENT (DNL/21)

Bombay

The incumbent will be responsible for all Product Management activities, will design and oversee implementation of strategies aimed at improving market share of existing products and also develop and introduce new products. He will be required to provide necessary assistance to the sales team to improve effectiveness of sales efforts and enhance customer satisfaction.

We are looking for a Chemical Engineer/ Post-graduate in Chemistry with an MBA in Marketing. He should possess around 10 years of relevant experience in a medium/large multi-product company. A high degree of initiative, innovativeness and sound commercial acumen are pre-requisites for this position. Exposure to trading desirable.

Preferred age: Around 32 years.

PRODUCT EXECUTIVES (DNL/22)

Bombay

The incumbents will help the Manager-Market Development in designing strategies through collection and analysis of data related to market share, competitor's strategies, price movements and, demand/availability in India & overseas. They will be responsible for providing assistance to the sales team for implementaion of approved strategies.

We are looking for Post-graduates in Chemistry with around 5-7 years of experience in Product Management related to Chemicals, Pharmaceuticals and Dyes. An MBA will be an advantage. Excellent analytical skills essential. Exposure to computers and trading desirable.

Preferred age: Around 28 years.

Please apply within 10 days superscribing the envelope with designation and code to:
Senior Manager (Management Services), Deepak Nitrite Ltd. Shivshakti, B.G. Kher Marg, Worli, Bombay 400 018.

Shilpatsi

GE PLASTICS INDIA LTD (GEPI)

Our client, GE Plastics India Ltd. (GEPI), is a Joint Venture Company of GE Plastics B.V., the world leader in manufacturing and marketing of advanced engineering thermoplastics and Indian Petrochemicals Corporation Limited, (IPCL), a leader in petrochemicals in India. The partners have planned to set up a Rs. 700 crores project to produce locally a wide range of engineering thermoplastics including alloys, blends and compounds. Besides India, the marketing territory for this Joint Venture Company includes all neighbouring countries and Middle East.

As part of the initial phase of the project, intensive market development activities have already been initiated. A plant for alloys, blends and compounds is being set up at Baroda backed by a state-of-the-art Application Development Centre near Delhi.

This is a new organisation with plans for rapid growth. To strengthen the existing team we are looking for dynamic professionals.

BUSINESS DEVELOPMENT ENGINEERS

DELHI

The Job: The incumbents will initiate in collaboration with technical service and sales personnel, industry specific activities and programmes to ensure medium and long term growth. The job also involves interaction with standard specifying agencies in the specific industry segment.

Qualifications: Graduate in Mechanical/Electrical/Electronics Engineering with about 8 years' working experience in Automotive/Electrical/Electronics industry preferably in the application development areas involving structural materials. Familiarity with plastic materials would be an advantage.

TECHNICAL SERVICE ENGINEERS

BOMBAY, DELHI, BANGALORE

The Job: The Technical Service Engineers will assist moulders with introduction, processing and trouble shooting with the range of company's products. They will work in close co-ordination with the sales personnel and provide necessary technical inputs to Business Development Engineers.

Qualifications: Graduate in Engineering/Polymer Technology with about 8 years' experience in plastic processing particularly in injection moulding. Experience in working with engineering thermoplastics will be an advantage.

DESIGN ENGINEER

DELHI

The Job: The job involves generating computer aided models of production designs from the drawings; carry out structural and mould flow analysis etc. The local facilities would eventually be integrated with M/s General Electric Plastics global database.

Qualifications: Graduate in Engineering/Polymer Technology preferably with specialization in product design/design engineering. He should have hands-on experience of about 8 years in product/tool design and be familiar with Computer Aided Design and Engineering. A good understanding of engineering drawings and proficiency in personal computers is essential.

All selected candidates will undergo a few weeks' training in Europe.

Remuneration: Remuneration compares with the best in the country and will not be a constraint for the right candidate.

Please write in strict confidence to:

Ms. Pratibha Sheth,
Executive Director,
Shilputsi Consultants,
Post Box No. 9386,
Bombay 400 026.

MANAGEMENT CONSULTANTS

We seek CAs, Engineer/MBAs, Industrial Engineers, and Systems Specialists from premier institutes with an excellent academic record and a minimum experience of three years who wish to widen their management skills.

The Management Consultancy Division of A. F. Ferguson & Co. offers a range of services in diverse areas including :

- **Design of systems in all functional areas**
  - Accounting, Finance
  - Materials
  - Marketing
  - Personnel
  - Manufacturing
  - Senior Management MIS
- **Marketing**
  - Marketing Strategy
  - Market Research
- **Financial**
  - Project Feasibilities
  - Treasury
  - Working Capital Management
  - Acquisition and Mergers
- **Organisation Structure Reviews**
- **Personnel and HRD**
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- **Corporate Strategy including Diversification/Expansion**
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We would like to strengthen our team by adding outstanding self-motivated professionals with a passion for innovation, quality and excellence. We provide an exciting opportunity for learning and exposure to all levels of management in a congenial, non-hierarchical, professional environment. Each person is able to realise his/her fullest potential for use either by continuing in consultancy or in industry where this rich experience has been found to give a headstart.

We offer the combination of a good remuneration package together with excellent job content and satisfaction. Promotions and increment policies are based entirely on performance. Long and short term career options are available. Opportunities of overseas visits for training and assignments exist with our affiliates, KPMG Peat Marwick.

Openings are available at all our offices – **Bombay, Bangalore, Delhi, Madras, Baroda and Calcutta.**

Please write with full particulars including choice of location/s to:

A. F. Ferguson & Co. (ref. MCS),
Express Towers, Nariman Point, Bombay 400 021.

NATIONAL POWER TRANSMISSION CORPORATION LIMITED

(A GOVERNMENT OF INDIA ENTERPRISE)

NPTC IS POISED TO TRANSFORM THE POWER TRANSMISSION SYSTEMS IN INDIA!

The National Power Transmission Corporation Ltd. (NPTC) is the national initiative to pool expertise and resources in power transmission systems, paving way for eventual formation of the much-awaited National Power Grid.

THE COUNTDOWN HAS BEGUN!

NPTC will soon take over the transmission works and personnel from the generating organisations like NTPC, NHPC, NPC, NLC, NEEPCO etc. and set the agenda for action in the Indian power sector.

NPTC offers exciting career opportunities to young professionals who are **MBAs from the premier management institutes like the IIMs** with ace conceptual, analytical and oral & written communication skills having an enviable track record of 1 to 5 years in progressive organisations — professionals who wish to contribute their mite as change agents and internal consultants — at junior management levels [corresponding to E2A (2650-120-4450-130-5100) and E3 (3700-140-4400-150-5900) grades] in the functional areas given below :

1. **Management Information Systems**
2. **Corporate Planning**
3. **Business Economics**
4. **Electricity Trading and Tariffs**
5. **Project Monitoring**
6. **Human Resource Development**
7. **Finance**

Preference is for MBAs with engineering education. For business economics, MBAs & Ph.Ds in economics with academic or industrial experience may also respond, for placement at higher levels.

NPTC swears by a work ethos that enhances executive effectiveness; hierarchy is there for routine reporting purposes and not to stifle individual initiative.

Compensation is on par with the industry practice and is generous by Public Sector standards; the recruits at E2A level can look forward to receiving a minimum of Rs. 37,000 per annum with reimbursement of two-wheeler expenses and Company leased accommodation and at E3 level over Rs. 50,000 per annum with reimbursement of car expenses and Company leased accommodation; other benefits like LTC, Medical reimbursement, CPF, Gratuity, House Building Advance, Conveyance Advance etc. are admissible.

Reservation of vacancies exists for SC/ST candidates as per relevant Government directives.

You may send your comprehensive resume enclosing a write-up of the role, you perceive for yourself within NPTC and your long-term career goals to the **Chief Personnel Manager, National Power Transmission Corporation Ltd., 10th Floor, Hemkunt Chambers, 89, Nehru Place, New Delhi-110 019,** latest by **26.08.1991.**

PR/4/NPTC/Rectt. 3/91

Sobhagya/202/91

Textile professionals! Spin yourself a career

RPG ENTERPRISES

An RPG Enterprise is setting up a 100% Export Oriented Mill to manufacture cotton yarn. The project will be located at Baramati, Dist – Pune, Maharashtra – and the plant capacity in the first phase will be 26,000 spindles. We are looking for dynamic and enterprising textile professionals for the positions of:

HEAD OF OPERATIONS

Responsible for the execution of the project from the drawing board to the commissioning stage. He should be a textile graduate from a reputed institution with at least 5 years experience in managing the entire operations of a spinning unit, in the process acquiring a thorough knowledge of erection, operations and maintenance of all spinning machinery. He should be highly conversant with the textile market, procurement of raw-materials and consumables, and quality assurance aspects of the business, with particular reference to the export market.

Previous experience of setting up/operating an export oriented spinning mill will be an asset.

HEAD OF MARKETING (EXPORTS)

Responsible for sustained export performance and growth. He should have a thorough knowledge of the international textile trade and be able to identify and target export markets. He should have worked in a similar capacity in a textile industry for about 5 years. Previous experience in handling textile yarn exports in a 100% export oriented spinning unit will be an added advantage. Knowledge of the technical specifications of yarn as well as total familiarity with the rules and regulations for textile exports may be useful.

The remuneration package would be as befits senior positions and excellent career prospects would be there for the right incumbents.

Apply in confidence, within 15 days, with detailed resume and telephone number to:—

President
RPG Corporate
463, Dr. A.B. Road
Worli, Bombay 400 025.
Tel: 493 0621 Fax: 494 8861

RPG ENTERPRISES

Our clients are a well known company, manufacturing and marketing reputed and established brands of consumer and OTC products.

The company is planning a major thrust to enhance their market presence. For achievement of their sales objectives, they require:

MARKETING CONTROLLER [LBS/341]

The incumbent should be a graduate, preferably with post graduate qualifications in Marketing. He should be above 35 years of age, with an excellent record in consumer products marketing.

As the Head of the Marketing Function, he will be responsible for marketing existing product lines, introducing new products and co-ordinating with Sales.

It is a key position, and over a period of time, the successful Marketing Controller, can rise to head the Marketing and Sales Functions.

SALES MANAGER [LBS/342]

The incumbent should be a graduate, preferably with post graduate qualifications in Marketing. He should be between 35 and 40 years of age, and have relevant experience of field management in consumer product companies. He should preferably have operated at the All-India level, or, at least, have had exposure to two or more zonal markets.

As the Head of the Sales Department, he will be responsible for planning and implementing strategies for meeting sales objectives. He will be in charge of over 100 representatives, including their selection, development and compensation.

The above positions carry attractive remuneration and perquisites packages.

Interested candidates should send a detailed resume, a recent passport size photograph, and indicate their present/expected emoluments. The envelopes should be superscribed with the above Ref. Nos. and addressed to:

PERSONNEL SEARCH SERVICES
71-A Mittal Chambers, Nariman Point, Bombay-400 021.
Tel: 2874164, 2027859.

World Growth Fund Limited – the fast-moving, rapidly expanding financial services company that, in the last six months, started its Investment Banking Division, opened branches at **MADRAS, DELHI** and **CALCUTTA** and launched its Fixed Deposit Scheme – is now set to commence operations in the Western region.

We have set very challenging targets for our Bombay operations, and therefore, require a high-calibre professional as

Head of Western Region
(Based at Bombay)

The branch will operate as a Profit Centre, controlling all business activities of the Western region, including merchant banking, loan syndication, deposit mobilisation, money market operations, leasing & HP etc.

The job provides the ideal opportunity for a person who is seeking autonomy whilst having the ability to deliver in a highly demanding environment. We are, therefore, looking for a hard-core professional from the financial services/banking industry who combines entrepreneurial skills with the ability to organise, motivate and lead a team. Chartered Accountants/MBAs with specialisation in Finance will be preferred.

This is a key position in the organisation and carries an attractive compensation package to suit and motivate the right person.

Please apply, giving full particulars with contact residential telephone number, within a week to:-

Poonam Chopra
General Manager-Personnel,
World Growth Fund Ltd.,
904-905, Tolstoy House,
15-17, Tolstoy Marg,
New Delhi-110 001

Applications will be treated in strict confidence.

STATE-OF-THE-ART FINANCIAL TECHNOLOGISTS

GOYAN/D/WGFL/5221/91

SIEL

SHRIRAM INDUSTRIAL ENTERPRISES LIMITED

SIEL, is one of the four companies that emerged from the division of DCM Ltd. Thus it is a 100 year **OLD, NEW** Company, presently turning over Rs. 400 crores.

SIEL's business line are :

- FOODS: Hydrogenated Vegetable Oils (Rath & Panghat), Refined Oils (Ruby), Sugar (Mawana)
- CHEMICALS: Chlor-Caustic Products
- INTERNATIONAL BUSINESS: Exports of group & non-group products; trading in and from U.K., Middle East, Africa & Far East
- ENGINEERING: High technology cemented carbide tips & tool products for the engineering & mining industries
- PROJECT ENGINEERING: Project & engineering consultancy services (turnkey & consultancy basis) on a world wide scale

The companies directly associated with SIEL are :

Shriram Refrigeration Industries Ltd., which turns over Rs. 50 crores and is a manufacturer of hermetically sealed compressors for airconditioners and refrigerators in technical collaboration with world famous TECUMSEH PRODUCTS CO. of USA, USHA Airconditioners and Water Coolers.

Shriram Honda Power Equipment Ltd., turning over Rs. 35 crores, is a technological and financial collaboration with HONDA MOTOR COMPANY of Japan and manufactures portable generator sets, general purpose engines and water pumps to Honda's quality standards.

Expansion plans are already being processed for entry into export oriented units, financial services, paper, sugar business management, different ranges of compressors, generators etc.

We are undergoing a programme to convert the group towards Total Quality Management (TQM) approaches.

We are also endeavouring to be a GREEN group of companies.

MARKETING PROFESSIONALS

PROFILE: We are not going to constrain you by specifying slots or designations. We are on the lookout for Marketing & Sales professionals with more than 5 years of hardcore sales and consumer/ industrial marketing experience which should include conceptualisation and implementation of marketing strategy, control of sales and distribution in a highly competitive environment, brand management, product positioning and new product launch.

Essential qualification will be an MBA from a reputed institute. The candidate should ideally be in the **age range of 27 to 35 years.**

Independent responsibility will be given for development of overall marketing objectives in the specific company/unit in which you are placed. The job also includes the establishment and consolidation of a distribution network and developing competitive pricing structure alongwith promotion plans.

Amongst those who will come as functional heads, the **responsibilities will also include development and achievement of business objectives in line with corporate philosophy.**

REMUNERATION: Whichever slot you fit in remuneration will match the best the industry can offer. In addition, attractive benefits will accrue.

CAREER GROWTH: The growth prospects are excellent and after having proven themselves in a particular product, the candidate can look forward to a string of challenging assignments, which will ensure their self-growth and development.

Please send in your detailed curriculum vitae superscribing the envelope "Marketing Professionals" within 10 days to:

GENERAL MANAGER – PERSONNEL

SHRIRAM INDUSTRIAL ENTERPRISES LIMITED

4th FLOOR, KANCHENJUNGA, 18, BARAKHAMBA ROAD, NEW DELHI-110 001.

In case you have any queries, please feel free to contact our Personnel Department at 3310171

ARCON

ur client - part of a highly diversified group, imarily in the Engineering industry, with a turn-er of more than Rs.200 crores, employing out 2000 persons - requires an

HRD Manager

is is a key position, reporting to the Managing rector, and requiring a great deal of maturity, herent people-orientation, effective com-unication skills and a proven track record in e area of Human Resources Management. Be-es the entire Human Resources function, the umbent's prime responsibility would be to rry through successfully an Organization velopment intervention, commenced a few nths ago. His ability to identify talent and velop a high-quality management team, able of meeting the demands of the interna-nal market (wherein our client has made ads), is essential.

ly persons with a post-graduate qualification Personnel Management from one of the uted institutes, having between 8 and 10 rs' post-qualification experience in the age up of 30 to 33 years need apply. Ability to ak Tamil fluently is essential. The position is ed at Coimbatore, and carries an excellent uneration package.

ase apply in strict confidence within 7 days, ng full salary and personal details, super-bing position code (EHRD), to:-

Head of Consultancy

ARCON CONSULTANTS

3rd Floor, Sudarshan Gardens,
102, Velachery Road, Guindy,
MADRAS - 600 032.

We are a fast growing, reputable and professionally managed company with large number of foreign collaborations operating in many high growth areas like Chemicals, Agro inputs and Engineering Products. To meet the increased requirement, we need :

VP/GM (MARKETING)
Location : Delhi

The incumbent would manage a motivated team of professionals and be responsible for achieving of sales targets, drawing marketing strategies, launching new products, liaison with dealers and related agencies etc. Applicants should preferably be MBAs from leading institutes with 15-20 years experience in the marketing of Agro Inputs/Chemicals/Fertilizers/Pesticides. They should be strong in systems relating to marketing.

MANAGERS/EXECUTIVES (MARKETING)
Location : in Field

Vacancies exist in various levels in the hierarchy and work responsibility will relate to marketing the product in their respective areas, dealer development and maintaining liaison with related agencies in the area. Desirable qualifications are relevant experience in marketing of Agro Inputs/Chemicals/Fertilizers/Pesticides.
Adequate weightage/preferance will be given to professional qualifications.

EXECUTIVE ASSISTANT TO PRESIDENT
Location : Delhi

The applicants should be Engineers and MBAs with 2/3 years work experience and very strong in systems, analysis, presentation and handling PCs. The successful candidate will assist the President in Corporate Planning, Management Control, New Project and day to day work. He/she can look forward to extremely fast career growth linked to performance.
For all positions the compensation package is very attractive and is among the best in the market. Apply within seven days giving contact telephone numbers and superscribing the envelop for the position applied for to:

Post Box No. 7176
New Delhi-110 002

REGIONAL SALES MANAGERS
DY. SALES MANAGER
BOMBAY • DELHI • MADRAS • CALCUTTA

WORTHINGTON PUMP INDIA LIMITED is a Macneill & Magor Group Company, having joint venture with Dresser Industries Inc., U.S.A. – one of the largest pump manufacturing companies in the world. WORTHINGTON INDIA's products have a strong brand image and the Company has registered over 50% growth in turnover and has undertaken development and diversification programmes with the help of its foreign collaborators.

The Company needs
Regional Sales Managers
& Dy. Sales Manager
to be located at Bombay, Delhi, Madras and Calcutta. The candidates should be 1st Class Graduate Engineers in Mechanical/Electrical Engineering in the age group of 32 - 42 years and should have a minimum of 8 - 10 years' experience in selling capital equipment in Engineering Sector. Persons having dealt with various Government bodies/Undertakings/Consultants, preparation of tenders, follow ups, execution of contracts and related matters will be given preference.

Remuneration shall be commensurate with qualification and experience, but it would not be a bar for the right candidate.

Please reply with detailed bio-data within 15 days to:

General Manager (P&A)

Worthington Pump India Limited

22, Ferry Fund Road, Panihati 743 176
24 Parganas(N), West Bengal

ACI/WP 691

A BRISK Opportunity

A professionally managed financial services company, involved in Mon market, Capital & Security markets and Merchant Banking with associ Brokering firms in all major Stock Exchanges, requires:

- For its' expansion programmes into Merchant Banking, Corporate financing and marketing, **EXECUTIVES** who are quick on th uptake and who have a lot of initiative. Must be a first class graduate/post graduate in Economics/ Commerce. MBAs/ C preferred. Two to three years of wo experience and about 28–32 year of age. Knowledge of computers desirable. (Code # BFCL–191)
- For our EQUITY RESEARCH DEPARTMENT, an **EXECUTIVE** to provide current and forecast information and organisational support. Knowledge of computers desirable. (Code # BFCL–291)

Salary would be no constraint for th appropriate person. ■ The envelo should be marked with the respecti code number. ■ It will not be possible to entertain any other correspondence apart from the application. ■ The application should reach within 15 days from t appearance of the advertisement along with the Curriculum Vitae.

Address to:

The Vice President (Administratio
BRISK Financial Consultants Pvt.
1202-1204, Antriksh Bhavan
Kasturba Gandhi Marg
New Delhi – 110 001

CHIEF EXECUTIVE
C. A.

Our client is a major Rs 250 crore company manufacturing and marketing a range of products. The company has modern sophisticated plants, prestigious foreign collaborations and an excellent track record. In a short span the company has acquired a position of pre-eminence in the industry.

The position reports to the Board and entails complete responsibility for the functioning of the company's manufacturing complex. Providing leadership to the functional heads, ensuring stringent cost control and inculcating a strong commercial awareness at all levels will be key result areas.

Suitable candidate will be a C.A. having over 20 years experience with leading Industrial Houses. Sound commercial background, keen business sense and experience of managing a sizeable manufacturing company as a cost centre head are prerequisites. Age Group 45-55.

The position is based in a medium size town of Maharashtra with reasonable facilities and amenities.

THE TERMS ARE ENTIRELY NEGOTIABLE.

Apply immediately quoting Ref No KM/A-2120

DATAMATICS STAFFING SERVICES
Post Box No. 106 G.P.O. Bombay-400 001.

Diason

ABC's major specialisations include Corporate Consultancy

GM – EXPORTS
Multinational Company

We have been retained by a **Calcutta** based FERA Engineering Company to select a GM—Exports to head their Export Division.

Key result areas will be to (a) augment export of company's current industrial products and railway ancillary equipments (b) identify new products/projects, develop market and formulate high return export strategies (c) establish trading activities of third party products. Should be an Engineer/MBA with 7—10 years relevant experience in reputed Export Organisations. Keen commercial acumen coupled with excellent communication skills and ability to **get things done** would be desirable qualities.

Our clients are, therefore, looking for a **High Performer** with proven track record and growth potential. They will be willing to negotiate very handsome remuneration package. Exceptional achievements will be rewarded with performance bonus. Please write in strict confidence within 10 days to **T Sengupta, General Manager** and mark the envelope & enclosures with job title & code GME/CAL/4125.

ABC CONSULTANTS PRIVATE LIMITED
6A, Middleton Street, Calcutta 700 071 Phone : 478731/403087

SWOT Analysis • Organisational Restructuring • MIS

Manpower Audit & Planning • Managerial Appraisal • Salary Survey

TECHNICAL SERVICE MANAGER

(Multinational)

Bombay **Rs. 1.50 Lakhs Gross**

A large well known multinational company, dealing with a wide range of petrochemicals, is looking for a Technical Service Manager. The incumbent shall be responsible for a group of the company's products. He will monitor the market on a continuing basis, identify opportunities and exploit them by matching products with customer needs, providing technical information and service to the customers.

Candidates should be graduate chemical engineers with around 8 years technical services experience in the petrochemical industry. Knowledge of the intermediate range of products is essential. Candidates with some manufacturing experience in a petrochemical plant will be preferred.

The selected candidate will be required to travel extensively and shall have an opportunity for overseas travel. Prospects for career progression are very good.

Preferred age : 30-40 years.

The emoluments indicated above are in terms of cost to the company and can be negotiated in case of an outstanding candidate.

Please apply in strict confidence within 7 days giving full details of age, qualification, experience, salaries drawn and contact telephone number to :

A F Ferguson Associates
Hansalaya
Barakhamba Road
New Delhi 110 001

All applications and envelopes must be marked **'Ref. MS/5803'.**

"Your vision can shape our future"

KANAZIA DIGITAL SYSTEMS is a pioneer in the Indian Telecommunications Industry, having professional relationships with leading international telecommunication Companies.

We require innovative and outstanding professionals to join our team in the following positions:

1. **GENERAL MANAGER – RESEARCH & DEVELOPMENT**

   Job responsibilities would include leading a team of R&D engineers to design and develop latest products based on innovative technology.

2. **SENIOR MANAGER – SOFTWARE DEVELOPMENT**

   Job responsibilities would include leading a team of software professionals to design and develop innovative software solutions and products in Computer/Communication.

The ideal candidate should have a strong academic background including an advanced degree in Electronics/ Telecommunications/Computer Science and demonstrated competence and experience in one of the above technologies.

We offer a competitive salary package and an excellent environment conducive to professional growth, international vision and a window to the world.

Write in confidence to:
The Director
Kanazia Digital Systems Pvt. Ltd.
93-B, Mittal Tower, Nariman Point,
Bombay 400 021. Tel : 231006/2872333



Triveni

requires for its

Bangalore **TURBINE BUSINESS GROUP** Mysore

Triveni is a fast growing, diversified Group. From the current turn-over of Rs 200 crores, it is poised for a quantum growth in turnover to Rs 400 crores by the year 1994.

The Turbine Business Group is engaged in Design, Manufacture and Installation of Steam Turbines and Turbo Sets and associated equipments. The turn-over of the Turbine Business Group this year recorded a growth of 65% over the previous year. To meet the challenges ahead for improving productivity, quality and to be competitive in the domestic and international market, the Business Group is undergoing a modernisation and expansion programme, which includes indigeneous Research & Development, introduction of high productivity machine tools and computerisation. The Business Group has also commenced a Total Quality Management programme. It aims to attain ISO 9000 standard by December, 1992. The Business Group requires personnel for the following positions :

DEPUTY GENERAL MANAGER (CONTRACTS)

BANGALORE Ref No 7/1-91.

Candidates should be qualified Engineers with minimum 15 years experience in Contracts Management of Engineering Projects. The incumbent will be responsible for completion schedules, procurement including imports, cost control and all contractual obligations through co-ordination with Sales & Marketing, Engineering, Manufacturing, Servicing Departments, Vendors and clients.

Candidates should be commercially sound and be able to prepare and handle complex project contract documents, taking care of legal aspects, payment terms, penalties, Bank Guarantees, Excise, Sales Tax etc. He will report directly to the Business Group Head and lead a team of qualified executives.

MANAGER/DEPUTY MANAGER (MARKETING)

BANGALORE Ref No 7/2-91

Candidates should have degree in Mechanical/Electrical Engineering with a minimum of 8 years experience in marketing of Capital Engineering Goods. Experience in marketing of equipment like Turbo Sets, DG Sets, Steam Turbines, Gas Turbines, Compressors, Pumps etc. will be preferred. Candidates must be capable of defining, developing and implementing marketing strategies and should possess strong conceptual skills, high energy level and the type to take on challenges.

An attractive remuneration package and growth prospects await the right candidates.

Please apply in confidence with details of qualifications, experience, gross salary drawn and expected and references, quoting reference number of the post applied for within 7 days to:

The Vice-President (HR)
THE TRIVENI ENGINEERING WORKS LIMITED
"KAILASH" (2nd floor) 26,Kasturba Gandhi Marg, New Delhi 110001

Bluebird

WORKS CHIEF

Hyderabad **Attractive package**

A leading engineering company, belonging to a well diversified business group with an annual turnover exceeding Rs. 500 crores, wishes to recruit a Works Chief for its plant at Hyderabad. The unit manufactures precision engineering products in foreign collaboration and of international quality.

Reporting to the Director (Operations), who is based at Delhi, the selected candidate will be heading the entire operations at the plant. Key result area would be to meet manufacturing targets in respects of production, productivity and cost control. His responsibilities will include manufacturing, plant engineering, materials management, product development, quality assurance, and all aspects of human resource management.

Applicants should be engineering graduates. Those with a post graduate qualification in business management will be at an advantage. They should have around 15 years of experience out of which atleast 5 years should have been as an unit head in a precision engineering industry and should have strong administrative and leadership qualities.

The compensation is in line with the best in the country.

Please apply in strict confidence giving full details of age, qualifications, experience and salaries drawn, within 10 days to:

A F Ferguson Associates
Hansalaya
Barakhamba Road
New Delhi 110 001

All applications and envelopes should be marked with **MS/5804.**

We have been retained by a well known industrial group to select a Chief Internal Auditor for their Rs.150 crores process plant being set up in South India with state of the art technology from a World leader in the field.

CHIEF INTERNAL AUDITOR

MS : 802

BANGALORE **Attractive Salary**

The selected candidate reporting to the Managing Director will be based at the group's Corporate Office and will be responsible for audit planning, execution and review of manual as well as computerised systems at the Plant and other offices.

The person we are looking for must be a dynamic Chartered Accountant with 10–15 years experience in companies of repute. He should have substantial exposure to financial, performance and proprietory audit at senior levels and should have good inter-personnel skills. Preferred age : 40 years.

The Company offers excellent growth opportunities backed up by a professional work environment. The compensation package is negotiable and will not be a constraint for the exceptional candidate.

Please apply within 10 days to :

S.R. Batliboi & Co.
'SAMRAH PLAZA', 1st Floor
4/2 St. Marks Road
Bangalore 560 001

giving full details of age, qualifications, experience and salary drawn. All applications and envelopes must be marked with appropriate reference number.

J&N

JENSON & NICHOLSON (I) LTD

a professionally managed leading Paint Company requires

AREA SALES MANAGERS

For Hyderabad, Calcutta & Madras

The incumbent shall be required to lead a team of Field Sales Personnel and to guide, direct and motivate them towards achievement of sales / collection / distribution objectives. The job would also involve assisting the Branch Manager in all Sales related activities like pricing, market strategies, brand management, general administration etc.

Applicants should be graduates with proven track record of about 5 years working experience in consumer industry, with atleast 2 years experience of leading a team.

Salary will be commensurate with qualification and experience. The job also carries attractive perquisites. Ambitious professionals willing to make a career with us may apply within 15 days in confidence superscribing on the envelope the post applied for to **GM – Personnel, Jenson & Nicholson (I) Ltd., 225 A.J.C. Bose Road, Calcutta 700 020.**

MAHINDRA NISSAN ALLWYN

MAHINDRA NISSAN ALLWYN LIMITED

The Company, a joint venture of Mahindra & Mahindra and Nissan Motor Co., of Japan, is engaged in the manufacture of CABSTARS, the latest technology Light Commercial Vehicles.

The Company has an ambitious programme of developing export market for CABSTARS in a big way with the assistance of Nissan Motor Co., and its overseas distributors.

The Company requires :

SENIOR MANAGER (EXPORTS) LOCATION : HYDERABAD

Sr Manager (Exports) will be responsible for identifying and developing export markets for Company's products to achieve the set export targets.

Candidate should be a graduate with adequate exposure in foreign trade, aged around 30 years, having 4-6 years experience of handling exports of vehicles/tractors or similar engineering goods.

This is a senior position in the company carrying a minimum gross emoluments of Rs. 65,000 p.a. excluding H.R.A., telephone facility, superannuation and other retirement benefits.

Those interested may send a detailed resume **within 15 days** to :

The Company Secretary
Mahindra Nissan Allwyn Ltd
Mahindra House , 1-7-1, Parklane
Secunderabad - 500 003.

CABSTAR

DEA A PART OF THE BHARAT TECHNOLOGIES GROUP, has carved a niche for itself as a rapidly growing and professionally managed Engineering, Procurement and Construction Consultancy Organisation in the Chemical, Petrochemical and Power Sectors.

We offer services from offices at Madras, Bombay and Bangalore. TO SUSTAIN OUR RAPID GROWTH, we are looking for GRADUATE/POST-GRADUATE ENGINEERS WITH EXPERIENCE RANGING FROM 3 TO 20 YEARS with exceptional career and who believe in living with challenges in the following disciplines to be absorbed at appropriate levels in our MADRAS OFFICE.

PROCESS

onversant with preparation of Process Flow Diagrams, Heat and Material Balance, &ID's, Process and Instrument Data Sheets pertaining to Chemical/Petrochemical ojects. Should have worked with Process Simulators. Familarity with preparation Feasibility and Project Reports and knowledge in the area of Dynamic Simulation/ dvanced Process Control/Effluent Treatment/HAZOP will be an added advantage

MECHANICAL

etailed Engineering and Design of Static Equipment viz. Pressure Vessels, orage Tanks, Heat Exchangers and Bulk Storage Equipment

etailed Engineering and Design of Rotating Equipment viz., Pumps, ompressors, Agitators, Conveyors, Turbines etc. Exposure to Engineering of stem Packages like Dryers, HVAC, Pneumatic Conveying, Material Handling, tration and Separation System would be preferable.

ELECTRICAL

Design of Electrical Systems and Detailed Engineering for Petrochemical/Chemical/Power Plants. Candidate should be conversant with preparation of Single Line Diagrams, Equipment Specifications, Inspection, Layout Drawings, and Erection Contract Packages.

PIPING

Design of Plant and Piping Layout, Stress Analysis, Material take-offs for Petrochemical Chemical and Power industries. Experience in CAD/Site works would be an added advantage.

Must have thorough knowledge of IS/International Standards. Exposure to working in Computer environment will be advantageous.

Openings also exist in Procurement and Inspection disciplines.

he company offers congenial work environment and the remuneration package is designed to attract the best talent in the industry.

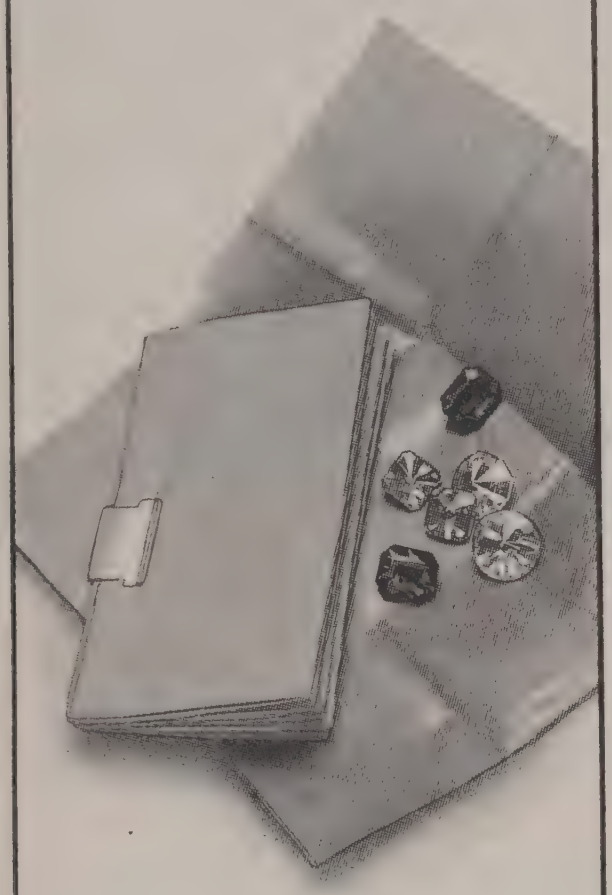
e consciously generate overseas assignments for good performers.

ease apply in confidence with your resume within 10 days to:

IDEA

Chief-HRD & Management Services
International Development and Engineering Associates (P) Ltd.
4/5th Floor, Apex Plaza, 3, Nungambakkam High Road, Madras-34 Telephone No.: 475704/477802/472095

The ZELAN Clip Stapler, function no: 208



You can use a ZELAN Clip Stapler to clip shut a packet of samples.

Or to clip letters for signature, notes, bills, whatever, in perfect alignment. (With a little imagination, you're sure to find hundreds of uses.)

It's smart. Easy. Reusable. And costs just Rs. 35.

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Phones: 556 0945, 556 0346.

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Nexus + Equity/SEG/0067c

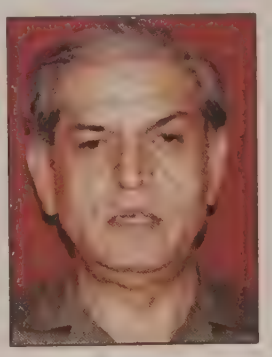
Executive Ladder



Assuming the post of general manager, operations, state bank of Hyderabad is **K.M. Hussein**, earlier on deputation from the State Bank of Mysore to the State Bank of Saurashtra as general manager, planning and development.



The new managi
rector of Optel
communications
is **V. Nagaraja**
takes over from
wan D. Khu
Optel Telecomm
tions is a w
owned subsidiary
Madhya Pradesh State Electronic
velopment Corporation Ltd.



Assuming charge as managing director, Zenith Ltd. is **A.L. Kapur**, formerly chief executive of the Cement Manufacturers' Association.



Suranjan Ghosh
new senior ma
with all-India re
sibility for corp
deposits and hea
abilities, a new g
He was formerl
manager, corp
banking .



Taking over as executive director for the rubber chemicals division of Bayer India, is **Rakesh Bhalla**. Previously business manager with Bayer's U.S subsidiary, he will now be entirely responsible for the division here.



Bharat Petrol
new general ma
finance is **A**
Sinha. Based in
bay, he has prev
handled a ran
functions from au
retail marketing.



P.D. Phadke, currently professor of finance at the Narsee Monjee Institute of Management Studies, Bombay, has been elected the president of the Institute of Cost and Works Accountants of India.



On deputation
the State Ban
India, **N.M. Ch**
is now the execut
rector of the Bo
based Export
Guarantee Co
tion of India Ltd
is part of a reorg
tion within the ECGC intended
prove service.



M. Ranjan has taken over as the managing director of the Pradeshiya Industrial and Investment Corporation of U.P. He was formerly the secretary of the Cottage and Village Industries, U.P, and has held positions in both government and corporate sectors.



Formerly manag
ternational fi
ANZ Grindlays
India in Delhi,
Sharma has no
come chief ma
India, merchant
ing division. He
over from Nain
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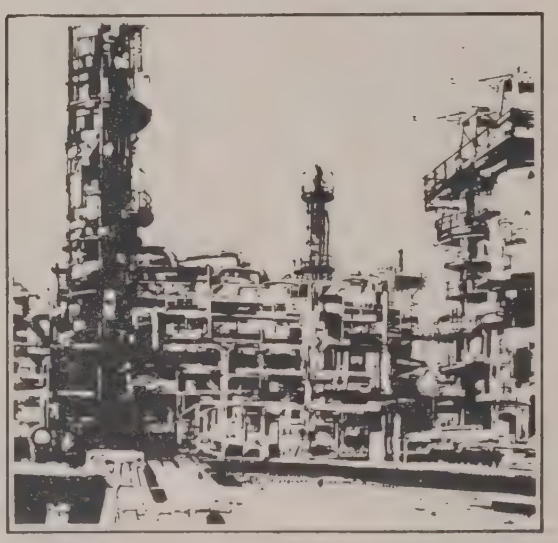
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eturn of the native



hah, *47, is the managing director of Digital ment India Ltd*

ould not resist the lure of the West d went to the US in the sixties. two-decade stay he came back in ith a changed first name and a mis- make Digital Equipment Corpo- the mainframe and mini computer acturer, as big a name in India as it dwide. And two years later, un- dly he is among the most respected ter professionals in the country.

(Manoj) Shah took his degree in al engineering from M.S. Univer- roda, and his masters in comput- d industrial engineering at the sity of Michigan. His first assign- as with Cleveland Crane in 1967, e worked as a computer engineer. one-year stint there, he crossed Chase Bruss Copper Corporation. 70, Shah joined Digital, USA, the llargest computer company in the as an applications programmer. vities included automatic labora- periments, application analysis, ng of real time software for indus- ocess control applications, mar- of complex computer systems, ng management of Digital's in- product program and later com- siness management. He also held ing assignments in the US, Eu- d Latin America for Digital.

s association with the Indian er industry began about eight years back. While with Digital, USA, he had to work with international distributors in the Far East, Latin America, etc and one such distributor was Hinditron of India, whose business relationship with Digital went back twenty years. Also, in 1985, Digital, in its mission to globalise itself, had set up a liaison office in Bombay. Three years later, when the company realised the need to have a direct presence in India, Shah was the obvious choice to set up a manufacturing base in Bangalore.

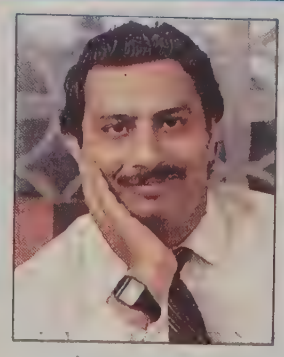
It was a logical move because "we felt forex would become a big issue otherwise. It would mean that the customers would not be allowed to continue to import finished products," says Shah. "While we had the liaison office, we had a business of $10 million against ten computers a year which has now gone up to 150 machines after we set up the manufacturing facility in Bangalore."

Set up in September 1988, the Indian company has been performing well all along. Against a sale of Rs.14 crore in 1988-89, its turnover reached Rs.42 crore in 1989-90 before zooming to Rs.61 crore in 1990-91 (9 months). During the same period, its exports moved from Rs.1.2 crore (1988) to Rs.5.5 crore (1989) and to Rs.9.13 crore (1990-91). Its net profit for 1990-91 was Rs.1.4 crore.

Shah feels that the Indian computer industry is in for a tough time. "Though computerisation is here to stay, the industry is getting globalised with the advent of more and more international competitors." He is sure that his company will play a lead role in India. "Our basics are right — we are bringing in new technologies, our focus is on exports, systems integration and people development. We do not believe in compromising on business values. We are creating a quality organisation committed to excellence."

■ DEVAPRASAD PUROKAYASTHA

FRONTRUNNERS



Lokesh Sehgal promotes trade and technology link-ups between India and the US and prepares ground and creates opportunities for various collaborations. At 30, he is the senior marketing advisor to the US foreign commercial service in India.

Sehgal, a science graduate from Delhi University, took his management degree from IIM, Ahmedabad in 1982. Later, after a four-year stint with Garware Paints as area sales manager for Rajasthan, he moved to the US commerce department. Now, five years later, he feels the job has been worthwhile. "I like the diversity in my job," he says and points out that the "real challenge lies in convincing more and more US companies to come to India." He also dabbles in writing as the editor of *Indo-US*, a publication on trade and technology brought out by his office.

■ R.S.



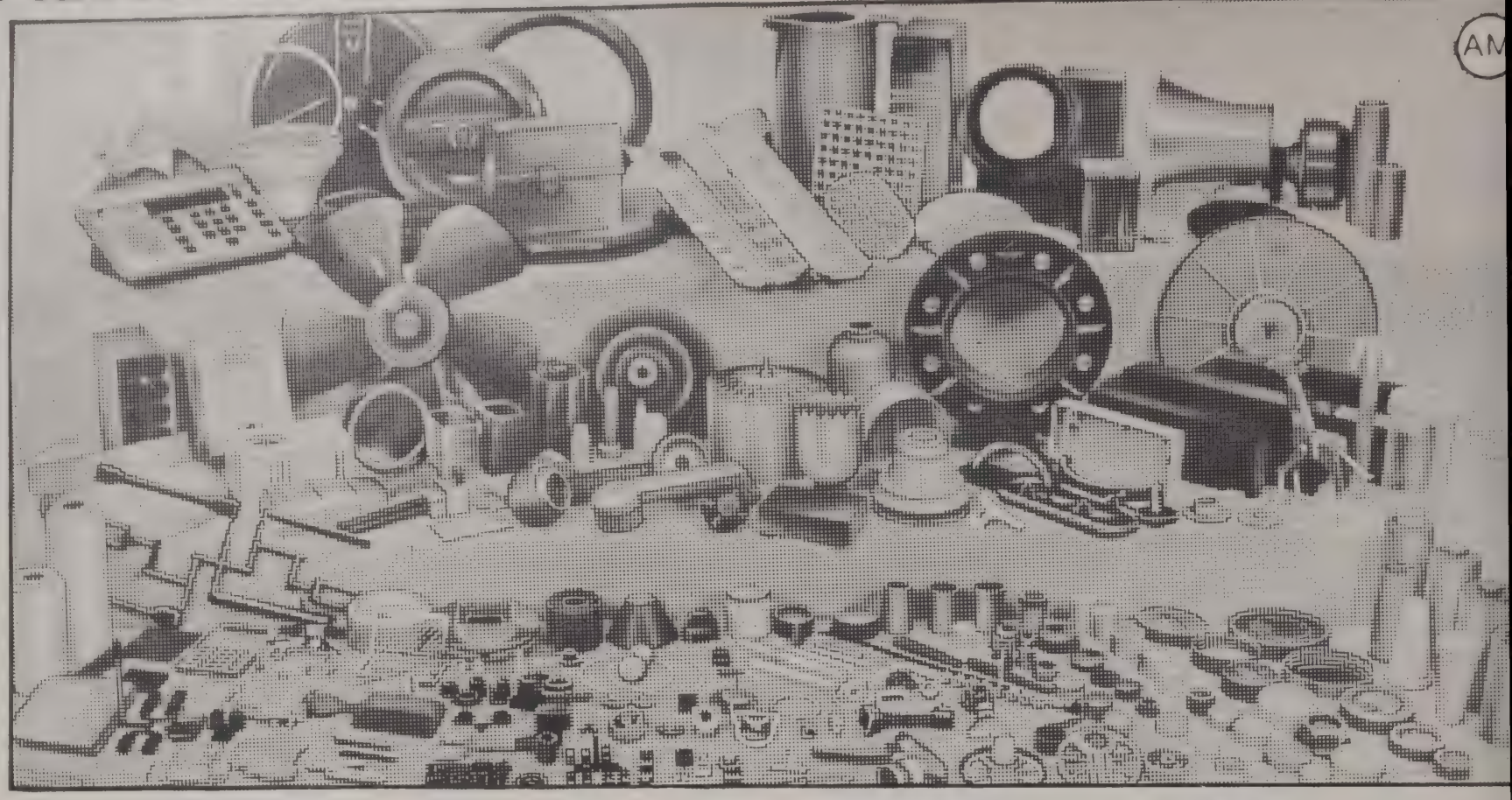
V. Narayanan, 32, in charge of the independent electronic division of the Godrej and Boyce in Pune for the last four years, he has become the obvious choice of the management to be the project in charge of Advance Printheads Ltd which G & B is promoting in collaboration with Microlyn, Italy to make specialised computer printheads.

A mechanical engineer from BITS, Pilani with a masters in management from XLRI, Jamshedpur, Narayanan started his career with Escorts in 1983. Three years later, he moved to Godrej and Boyce Ltd as the executive assistant to the vice-president of the electronic business equipment division.

Narayanan got his big break at the age of 28, when he was put in charge of the Pune division. Now he is looking forward to his new assignment of manufacturing printheads for the first time in India.

■ S.K

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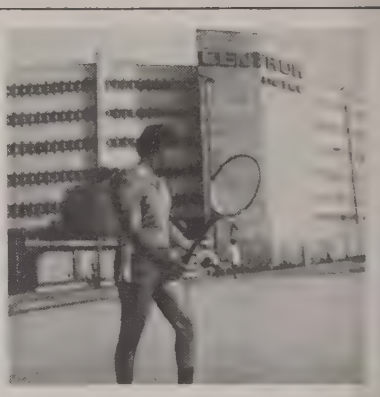
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INDIA

ATHURA

aking a splash

thura's fishermen plunge into a hazardous livelihood

x in the morning. The salty air is with light as the first rays of the ruggle to pierce through the grey — silent sentinels of the southwest oon. Occasionally, drops of rain he face.

se trivial distractions do not deter e-bodied men gathered on the pier. em, this is just another monsoon ng. They hustle about tying three, metimes five, whitish logs together ir or nylon rope. The final product les a primitive raft, their only of livelihood. What they have as- d is a catamaran, their tradi- fishing craft. And they it dangerously into the tur- sea before diving in themselves.

are the fishermen of Valiathura small village near Thiruva- puram — bustling with action onsoon. Braving the rains, they go heir business with quiet efficiency, uting substantially to the coun- tal marine fish haul. In 1989, of s total marine fish production of tonnes, the traditional sector ac- ll for 440,000 tonnes. Its catch ns, the single most important item, amounted to tonnes, fetching Rs.4.5 lakh in foreign ge.

mally, the fisher- unch their cata- from the beach. h the furious monsoon sea, the ura fishermen are forced to use ., which extends 703 feet into the - easier said than done, as this op- requires a unique blend of skill rage.

ishermen first transport the logs zzia (the low-density *chilla* wood the catamaran) to the end of the rlier, they used the trollies of the thorities, a facility abandoned rs ago. They now pair up to carry on their shoulders. The logs are ed and spaced to offer the cata- self-draining feature. This also he impact from the heavy surf, uring stability.

shing gear — nets and hooks-and- loaded at the front end of the cat- amaran, along with personal stuff. One end of a strong nylon rope is tied around the front cross-piece of the catamaran. The other end is fastened to the fist, waist or sometimes, neck of one of the crew.

A fisherman scans the sea and on spotting a major receding wave with no incoming ones in sight, dives into the frothy water — about 50 feet below. The receding wave pulls him away from the pier. When the next such wave is sighted, the remaining crew push the catamaran over the edge of the pier. It is also pulled away by the wave, but the first fisherman with the rope, already in the sea, can control its movement. The other two fishermen then plunge in and all three quickly clamber onto the catamaran and propel it beyond the breakers.

Diving styles differ. Some plunge in headlong, arms spread to break the fall; others jump feet first; still others leap out with arms outstretched. Whatever the style, one thing they always do first is to make the sign of the cross — most of them being Christians.



K.G. Kumar

The profession has its hazards. Sometimes the waves dash the fisherman against the concrete pillars of the pier or against the catamaran itself. Fractures are the least that can result. Sometimes the very dive causes cuts and bruises. And sometimes, during launching, the catamaran hits the pier and breaks. No small loss, at around Rs.5,000 per craft.

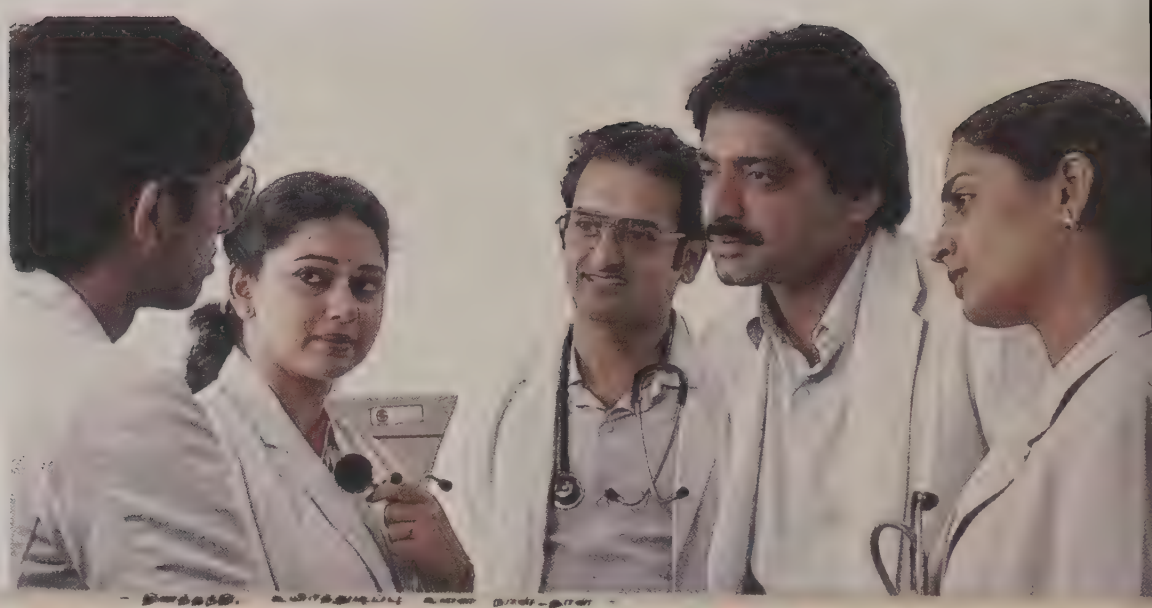
In a normal year, the average catch at Valiathura is 500 kg, fetching a fisherman an annual income of just Rs.4,000 to 5,000. Yet, from the point of view of the state's fishing economy, this monsoon haul is crucial. The fish landings at Valiathura during the monsoon make up about 77 per cent of the total annual landings along the southern stretch of the Kerala coastline.

Diving styles differ. Some plunge in headlong, arms spread to break the fall; others jump feet first; still others leap out with arms outstretched. Whatever the style, one thing they always do first is to make the sign of the cross

Though the pier was built only in 1956, the fishermen say this adventurous practice dates back a generation or so when, during the reign of the Maharajah of Travancore, a wooden pier existed adjacent to the present structure. History apart, today it is a springboard for their livelihood. For these fisherfolk, the Valiathura pier has become as much a part of their lives as the sound of the surf.

■ K.G. KUMAR

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stitch in time

e working hours can be a boon to management and employees

ost people who arrive at work ex-ted by peak-hour traffic or early-g domestic crises, the freedom to one's working hours must seem istant dream. Yet, the concept of e has been gaining credence ide. In West Germany, where an 3,000 companies use flexitime, Bolton, a labour consultant, a survey that 65 per cent of em- expressed an improvement in g life. Produc-vels, then, are o increase.

rend is slowly g on in India. 0'Souza, man-, Herbertsons, ut—"Flexitime individual re-nts without be-isadvantage to ganisation. It iciency, because does not have t to fixed tim-.B. Mendonza, e personnel , Wander India s: "It is over rs since we in- flexitime. Pro- has gone up by ent in our fac-use it enables groups to set their e and targets without anyone hem around. Time management oved significantly. Absenteeism tors beyond employees' control exists."

exitime, employees choose their d departure time, but there is a ry "core time" when all em-ave to be present — usually bet-a.m. and 3 p.m. "The company enefit of core time, and the em-e benefit of flexitime and both ," says N.H. Athreya, author of management books. The l group, which introduced the differing forms five years ago, p further. Toshniwal Brothers alf hour grace in the morning, ter than 9.15 a.m. with the lost g made up in two days; the l Institute, on the other hand, offers two shifts — 8.30 a.m. to 5 p.m., and 9 a.m. to 5.30 p.m. Employees have to stick to the option they have selected. Individual needs are considered, however, says Kamala Toshniwal, director, personnel, Toshniwal Instruments.

While organisations must trust employees in flexitime situations, a punch clock system is invaluable too. "If the required number of hours are not clocked, the employee will not get paid pro rata," explains management consultant S.V. Pandit. "With an efficient punching system, there can be no charges of favouritism," he adds. Such a system is hardly likely to be popular with those at the top, but at one point, even Toshniwal's managing director punched in arrival time. The practice was discontinued, however!



Various problems are associated with flexitime... Unions tend to view the punch system as a fall in status. Also, flexitime cannot be introduced for all employees in all sectors... since payment is on the basis of hourly working, accountants have to be particularly vigilant

Various problems are associated with flexitime, and this is why, perhaps, the Maharashtra government withdrew the system for its employees after briefly introducing it in 1975-1976. Unions tend to resist the introduction of flexitime, viewing the punch system as a fall in status. Also, flexitime cannot be introduced for all employees in all sectors; in banks, the functions of branch manager, account staff and cashier are interlinked and the cashier can hardly work according to flexitime. Also, since payment is on the basis of hourly working, accountants have to be particularly vigilant.

However, there are clearly benefits which make the introduction of flexitime worthwhile. In congested cities such as Bombay, where public transport is packed to capacity at peak hours, flexitime would do a great deal to ease congestion. "Flexitime provides a great benefit especially for those who live far away," says R.P. Apte, deputy manager, personnel and salaries of Bayer India, which was the first company in the country to introduce flexitime, in 1981. Bayer's deputy manager, training, Ritu Singal, adds that is "very advantageous to women", who are saddled with household chores. Bayer has found that absenteeism has dropped since the introduction of flexitime.

Another advantage is that optimum use can be made of some kinds of machinery and office equipment, whose continuous running results in better operational costs. Blue Star has found flexitime a boon for its computer staff at the Santacruz Electronic Export Processing Zone, where a 7.30 am to 3 pm shift has been introduced.

Whatever the initial difficulties may be, flexitime is a concept most companies would find worthwhile to adopt.

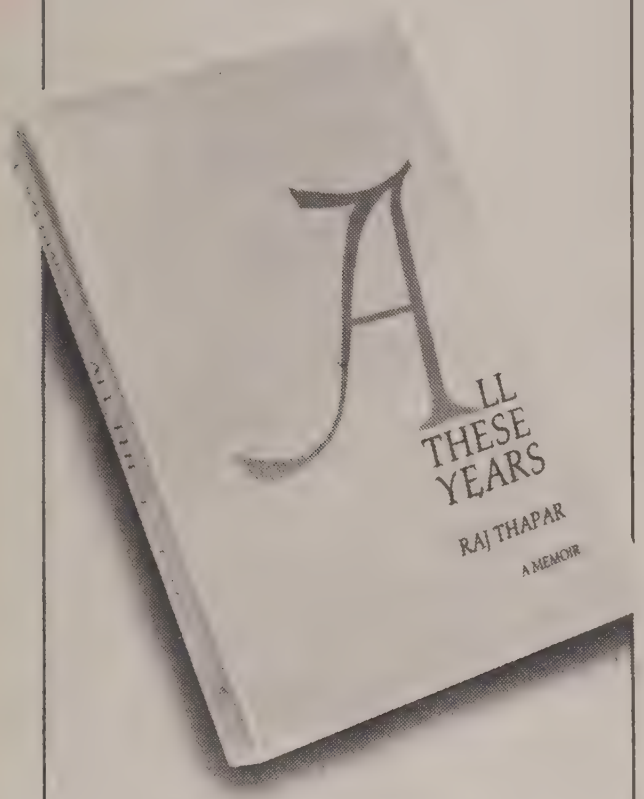
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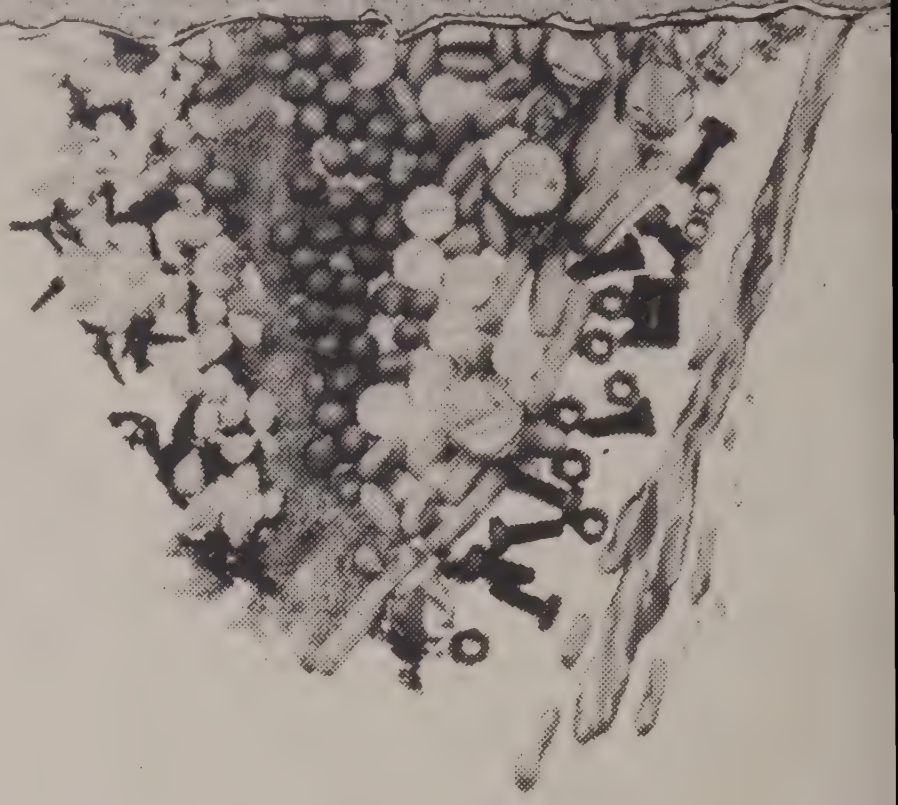
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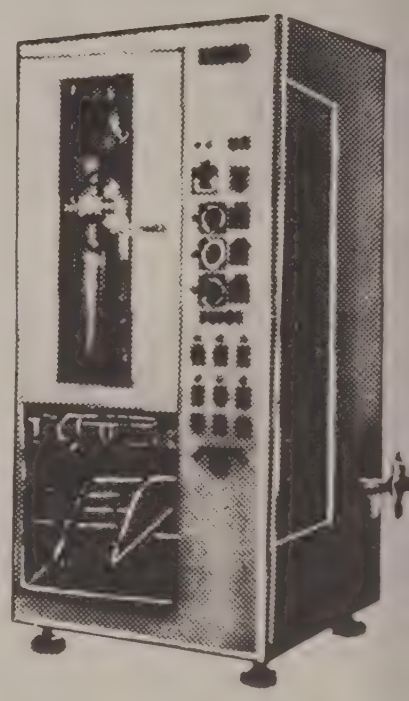
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t from training his son, manathan Krishnan, piring his grandson, Krishnan, T.K. Rama- aught tennis to a whole Madras industrialists y were young: M.A.M. amy (Chettinad A.C. Muthiah (SPIC), N. an (India Cements) and kar (Sanmar group), thers.



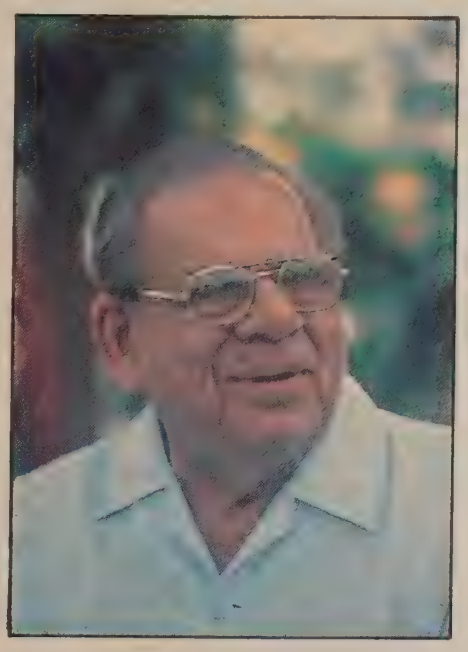
managing director of crore Chemplast, re- favour last week by ne newly set up T.K. nan Tennis Endow- st. With a corpus of the trust will sponsor ching or trips abroad ing youngsters. manathan Krishnan, un the programme, r was a tough com- l but for World War have played in the ." Adds Sankar, who sident of the Tamil nis Association, "He han a coach. He was s."

been in India for three years and has come an Indophile. hn Hamilton, the managing director lore-based Cargill a Ltd, now plans to ndian girl and ulti- re to a village near is enjoyable being in nd watching what can do for it," says



Hamilton who has often been to remote areas in the course of his work. "An average Indian village is full of warmth and hospitality. An Indian villager can teach an urbanite a great deal on good manners and acceptable social behaviour." A pilot for the last 24 years, the expat has taken more than 1,000 photographs of sunsets in 30 countries. "There is nothing more beautiful than a setting sun," he muses.

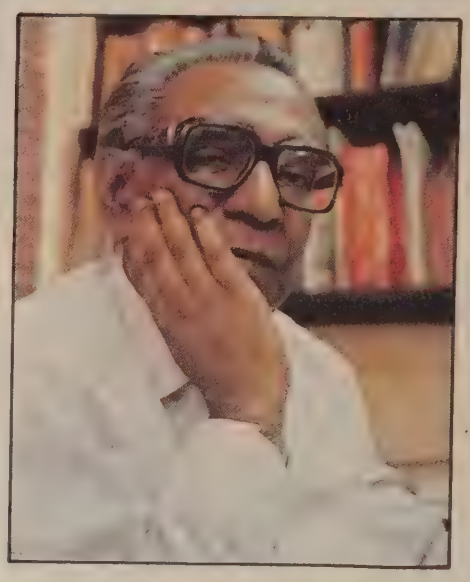
It's been a long season of biographies and autobiographies with the likes of Dr. S. Radhakrishnan, Raj Thapar and Raja Ramanna leading the way. And more are being committed to print, notably Rajiv Gandhi's by Minhaz Merchant, J.R.D. Tata's by R.M. Lala and the



latest — one on the legendary Mohinder Singh Oberoi. The nonagerian hotelier has led a colourful life packed with action, and he seems to have revealed much of this to *Times of India* journalist Bachi Karkaria, who has been working on an authorised biography to be published by Penguin in March 1992. The work, promises Penguin editor David Davidar, will be the most talked about book next summer.

of fair play. "Srikanth is not a chauvinistic person to select people from his own metro," he said.

While his own agency (Radeus) has never outgrown its modest beginnings, it has always stood out for its astute professionalism. Therefore,





What is **K. Srikkanth**, former Indian cricket skipper, doing these days? Apart from desperately pitching in for a place in the Indian eleven, the maverick opening batsman is regularly seen on the dais at most corporate functions.

Last week, Srika (as he is affectionately called by his friends) was asked to pick winners in a lucky draw organised in Madras by Mercard Credit Cards. To the utter dismay of the huge audience which had eagerly gathered there, none of the winners was from Madras. Mercard's A.L. Vadivelu attributed the total washout of Madras to the cricketer's sense of fair play. "Srikanth is not a chauvinistic person to select people from his own metro," he said.

when the prestigious Advertising Agencies Association of India-Premnarayen award for 1990 was conferred on K. Kurian recently, there was an air of congeniality at the award function. Admen, ordinarily uneasy about applauding another of their own kin, spontaneously cheered a true gentleman who has put in 32 years in the field. Characteristically, Kurian voiced his concern for the development of a better working environment. "It's time to think of the generation ahead of us," said the soft-spoken, unassuming, journalist-turned-adman in his acceptance address.

Make the policies work

Now that regulations governing foreign investment have been liberalised, how far do you think this will lead to an increased flow of foreign capital?
The first thing I would like to say is that mere paper liberalisations will not do. Though the government has begun well, all these measures have to be followed and implemented in the proper spirit.

I would like to point out that last year as well, the industry minister at that time had announced that the government was about to liberalise regulations governing foreign investment. Ajit Singh even spoke to potential investors on his trip to Canada. The Canadians were very excited. I do not think any Indian minister who went abroad had ever received such a tumultuous welcome, as was the case with Ajit Singh. But subsequently what happened? Nothing.

Faced by opposition from within his government, Ajit Singh failed to introduce either a negative or a positive list for foreign investment. This was despite the fact that the industrial policy had been announced after cabinet approval. He even had to cancel his trip to address foreign investors at Davos, a month after the Canadian visit.

What does all this mean?
What I am trying to say is that the greatest danger is from within, from forces who may try to stall the policies. Foreigners on their part after last year's bad experience are very apprehensive. They are waiting and watching. They are looking for clear and unmistakable signals that they are actually welcome. Only when they are sure that things have actually changed will they come. So if anyone thinks that foreigners are lining up ready to get into the act, he is surely mistaken.

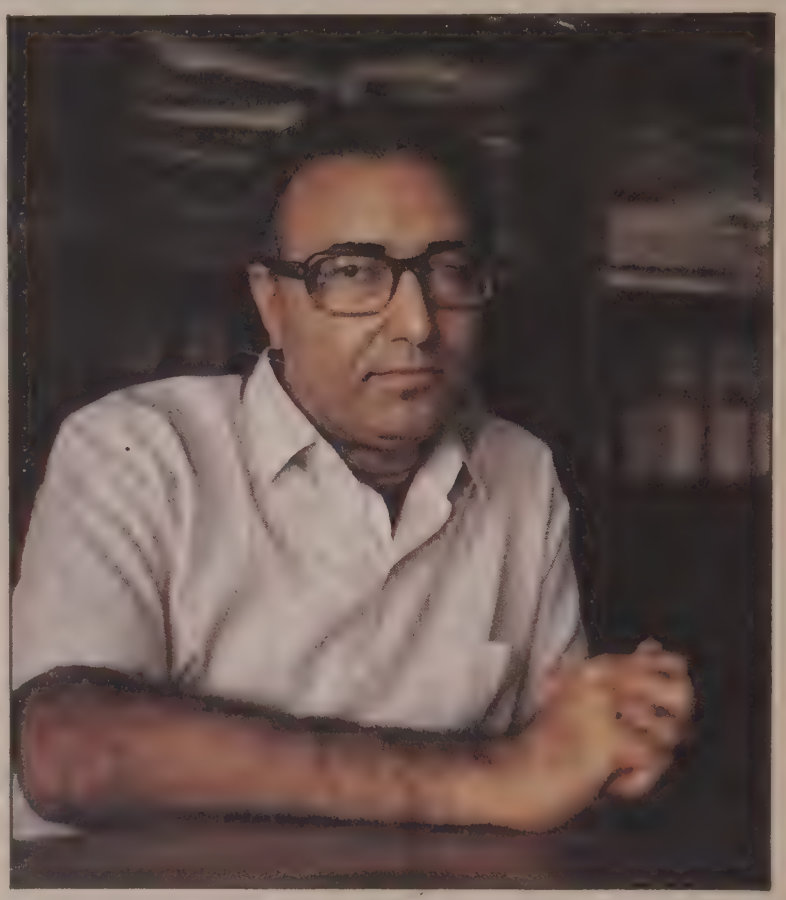
How will the Japanese react to all these changes? Great hopes are being pinned on them.
Well, they are also waiting and watching. But the Japanese have a peculiar problem. They do not like to live and work with Indians. That is why they want colonies and parks exclusively for their use, as a pre condition for coming to India. This proposal is pending with the government of India.

Also the Japanese are very much interested in the consumer goods market in India, especially entertainment electronics. But this area has not been opened to a large extent to foreign investment.

I think we Indians should try and exploit the skill of the Japanese in trading and egg them on into a partnership for trading purposes. Since the government has now liberalised the setting up of trading companies, we can persuade the *sogoshoshas* to use India as resource base. The advantage is that we can use the *sogoshosha* network to access hitherto inacessible markets.

Export performance has been poor after the announcement of the several changes.
Well, the commerce minister did agree that export performance had actually slowed down in the first quarter of the current fiscal year. I would not be worried about this. Every country in the world that went through a devaluation has had exports decline immediately after. This is a period during which businessmen usually re-negotiate contracts, where buyers overseas demand the sharing of the benefits of the devaluation.

Indian exports will do well slowdown in overall world tra Asia-Pacific countries are doi because there are several pock affluence where incomes are g Today, we are in a much bette than we were in the post 1966 devaluation. Our export baske diverse and our products have range than in '66.



Charan Das Wadhwa, professor and senior fellow Centre for Pol Research, the Delhi-based t tank, is an authority on international t and marketing spoke to King Nag of *Busine India* on the ir of the new for investment an trade policies

Will devaluation make a differ
It certainly will. This also depe our ability to control inflation. 15 per cent inflation, we can w the benefits of a 22 per cent de in a year and a half. Export performance may also depend whether a currency devaluation undertaken in our competing c as well.

But more than bridging the t the finance minister hopes to re faith in the Indian economy by to devaluation. Immediately on assuming office, he noticed tha State Bank had defaulted on pa commitments and there was th real danger of a run on the fore currency NRI deposits. If this we happen, we would really be in t For the Indian economy, the fo currency NRI deposits are a vuln area.



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FOREIGN INVESTORS

e Second Coming



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From the Publisher

There is an impression, particularly within bureaucratic, political and leftist circles in the country, that foreign companies are dying to get into India. This is simply not true. The same lot further argue that the fact that the IMF and World Bank also want us to open up to foreign investments only "proves" that foreign companies are waiting in the wings for us to change our policies. Again, nothing could be farther from the truth.

The reality is that almost all developing countries (except some with closed, dictatorial regimes) and the entire former East Bloc actively welcome foreign investments. They recognise that investment capital, whether foreign or domestic, is a scarce resource necessary for rapid growth. And that without foreign investments and technology, it is their own citizens who will suffer the most in terms of growth, employment and social justice.

Ours is probably the only country in the world, developing or otherwise, that does not welcome foreign investments. The recent pronouncements of liberalisation and the opening up of selected sectors to foreign investment are held out as significant concessions and almost an act of favour.

But what is the case against foreign investments? Nobody has cogently and sensibly spelt it out. Vague fears are expressed of being taken over by foreign investors; of foreigners wanting to "exploit" our domestic market; of a huge outflow of foreign exchange; or of squeezing out weaker domestic industrialists. But examined closely, none of these arguments holds water. The history of the post-War period, not only in India but in countries in the East and in the West, has shown us that by keeping foreign investments out domestic industry becomes uncompetitive, technologically backward and survives only on account of the very heavy price paid, every day, slowly but surely, by the consumers. It is for these reasons that we at *Business India* have consistently argued for opening up the economy and not just permitting, but welcoming, foreign investment.

It is time to recognise that our infrastructure and services are very poor compared to other developing countries; that the country is rife with social and political tensions; and that we have a corrupt and creaking administrative machinery and a political system that is increasingly violent and volatile. These factors keep foreign investors away as much as the restrictions in our industrial licensing and foreign exchange laws. But we must also accept that these very factors will also frighten away domestic capital. For example, who will invest in Kashmir today?

The subject of foreign investment has needlessly become an emotional issue. However, it does help focus on the real issues facing us as a society. Who can deny that if these issues are effectively dealt with, India won't be a much better place to live in?

Ashok H. Advani

Business India



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FOREIGN INVESTORS

The second coming

Whether the government's attempts to woo foreign investors stems from genuine conviction about the benefits that would accrue or pressure from the IMF is still not clear, but the half-hearted policy could fail to lure foreign funds

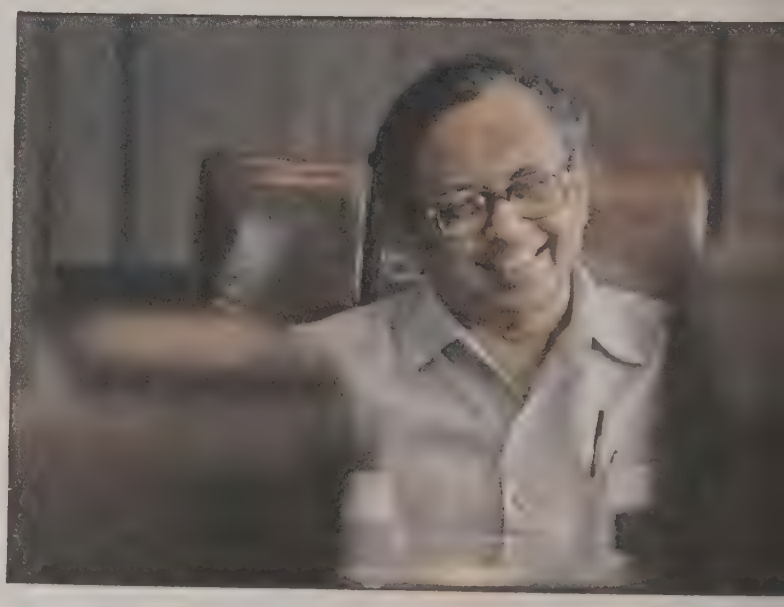


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Setting the pace

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10 SEP 1991
C. F. T. R. I., MYSORE



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SESA GOA
To a cast-iron future
Changing government policies and quick reactions from this company are pushing it to new heights, financial and otherwise



TOSHIBA ANAND BATTERIES
Time to say *sayonara*?
The pioneer in metal jacket cells in India has become a BIFR case again with the failure of the fabled Japanese management techniques



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Holding things together
After a spectacular turnaround, this Hyderabad-based company is now poised to soar even higher as ITW, US, increases its stake

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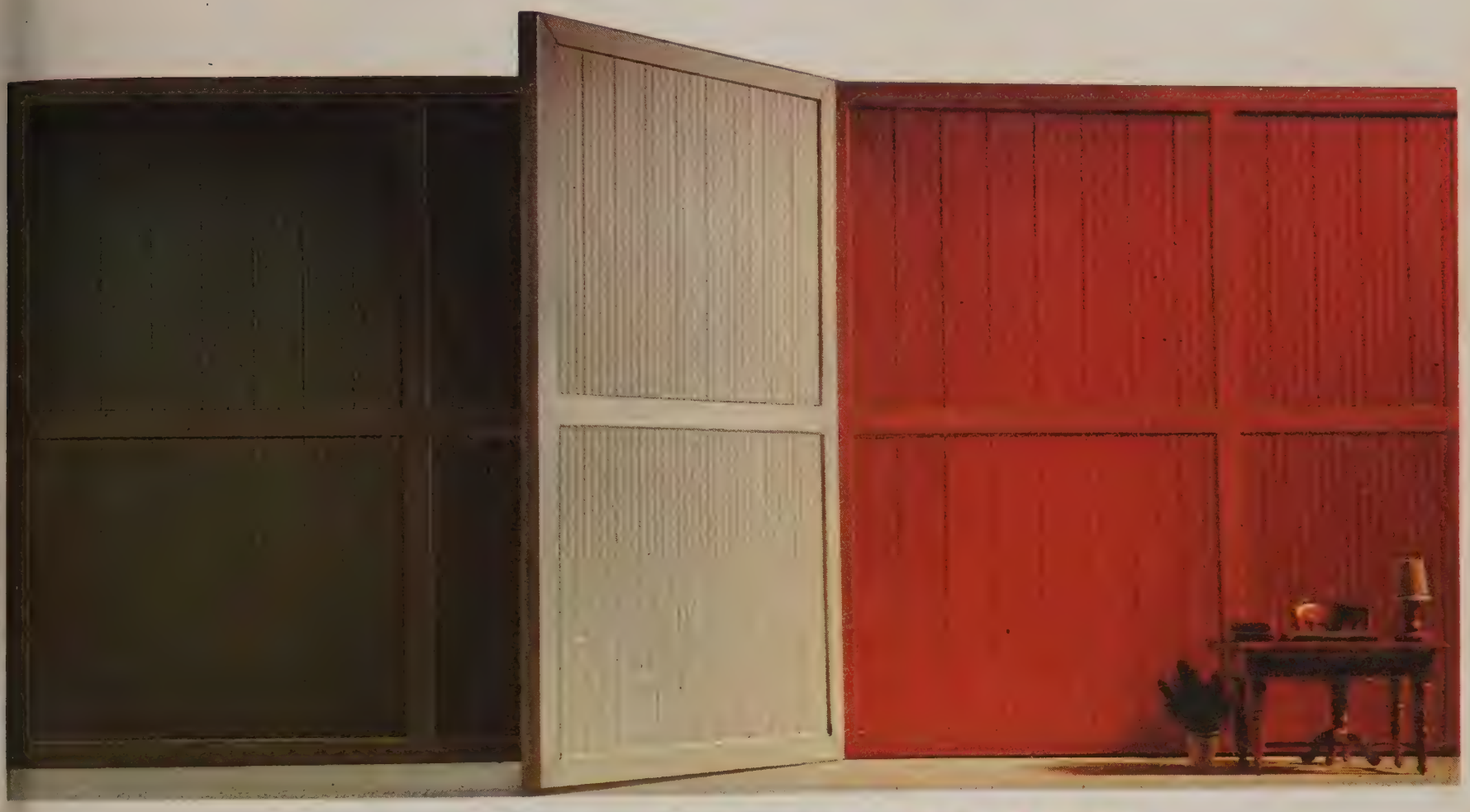
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Letters to the Editor



A foundation of values

Your coverage on Alacrity Foundation is informative but not passionate enough (Enterprise, 5 August). This company conveys a message to the society, which could lead to untold benefits.

Here is a company paying Rs.4 lakh as compensation to its clients to avoid paying a bribe of Rs.150 to get an electric connection! Does this really sound like a piece of information which you can state as a matter of fact and pass on to the next point?

Alacrity is a mission by itself, not just a company. The company's market is not just 25 per cent of the value of flats coming up in Madras. It is 100 per cent of the heart of each and every Alacrity flat owner in Madras!

M.S. JAYARAMAN
Madras

Subsidies only help the rich

You have rightly pointed out that the budget of Manmohan Singh is in the right direction (Cover Feature, 22 July). How long can one sustain an unstable economy by giving undue allowances and concessions to inefficient mechanisms? Manmohan Singh is right in removing the fertiliser subsidies as only the rich farmers benefited from them. It would also be sensible, if the government brings income tax loans applicability on the agricultural income as agriculture for the rich has become a tax haven.

G. BALAKRISHNAN
Bombay

For the record

Your Corporate Report on Canara Bank's financial services (5 August) was excellent, especially the box on Canfina.

However, a small error has crept in — the book value of our equity share is Rs.28.90, and not Rs.2.89 as given in the article.

K. MOHANAN
Executive vice-president
Canbank Financial Services Ltd
Bombay

A closer look

The suggestion about the role of organisations like SEBI is welcome (Editorials, 22 July). The opinion of professional bodies and individuals, who can dissect the functions of the companies which are sick, or likely to be sick should also be considered in this context.

Potentially sick companies often exaggerate their potential and promise a revival. But the institutions keep on funding the project, till it reaches a dead end. Hence BIFR, SEBI and the financial institutions should make use of independent professionals or organisations (public or private), to critically examine the functions of the company as well as the general market trend of a particular product or service. This will ensure that the revival plans submitted are factual and can be adhered to.

J.N. TIWARI
Aurangabad

Retirement age

I could not buy the Reserve Bank of India's argument 'A breather at last' (Banking, 22 July) for extending the age of retirement. It is expected to play a model role for the banking industry in India, not to follow them and that too in retaining its "old junk", when unemployment figures are soaring year after year.

B. NANDITA
New Delhi

Charming the British?

It is very unlikely that the Ambassador Nova priced at £5,495 will be the cheapest available car in Britain (News and Events, 22 July). According to the report, other cars are priced at £11,000 and above. If Britons can shell out £5,495 for the Ambassador, they might as well buy the vastly superior Maruti as the French have done.

Incidentally, South Korean cars (like Hyundai's Pony) are retailed in the US markets for less than $4,000.

BHARAT RAM
Calcutta

Is labour eroding the economy?

"A near impossible Task" is a bold and realistic representation of the events that took place in the Tamil Nadu political scene and went unnoticed (Editorial, 8 July). Added to this is pro-labour statutes with which the unions have grown big to threaten the very government itself.

M.V. KRISHNA REDDI
Nellore (Andhra Pradesh)

Ban gold sale

In his 'Agenda for the New Government', Sudhir Mulji has suggested freeing the markets for gold and foreign exchange (Economy, 24 June). Why not try to apply the law of the land for a change?

Smuggling of goods including gold is a crime. The sale of smuggled goods is also illegal. Then why cannot action be taken against those jewellers who sell smuggled gold in the form of ornaments?

No country can progress if it spends $2 billion a year on buying gold. A way must be found to stop this. One is to ban the sale of gold as suggested above.

K.S. NARAYNA SWAMY
Tirupur

• 'Agenda for the new g
ment' by Sudhir Mulji
omy, 24 June) is a brillian
of writing.

If only we, as a nation
to put into practice thoug
pressed by the author we
be taking giant strides to
alleviating the economic
we face.

We must cast aside the
mels of tradition if we w
insulate ourselves from
nent disaster.

RAHUL DUA
Uttar Pradesh

Small inaccuracie

In the article on Hero Cy
'The pedal pushers' (Corp
Report, 24 June) certain e
have crept in. The writer
tions that the Hero Cycles'
duction is 300,000 cycles a
This should be 300,000 cyc
month. Also the photograp
O.P. Munjal is wrongly
tioned. He is sitting on a Fi
exerciser and not on an All
Exercycle.

SHANKARLAL JAJODIA
Calcutta

Glib talk

R.K. Gajree has not said a
thing worthwhile on the sub
of reducing fuel consumptio
the title "Reduce fuel consu
tion" suggests (Interview,
June). In fact, much was
pected of BPCL as it has b
tinkering with the subject
changing the refinery feedst
which could have reduced
foreign exchange outgo on
port of crude because of
plentiful availability of natu
gas in abundance.

BPCL's interest it seems,
not gone beyond a pilot pla
Instead, there is glib talk on i
porting the requisite quantit
of the deficit HSD and blami
the government of becomi
complacent on the issue of p
troleum supplies in the aft
math of the Bombay Hi
episode. The inescapable co
clusion is that the public sect
cannot see beyond its nose.

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The Peacock and the Bear



The communist party that created the Soviet Union, initially a popular formation, quickly lost legitimacy in the twenties. But it stayed in power for over six decades thereafter on what seemed a formidable base of armed might. The double coup of August, however, demonstrated, like Eastern Europe earlier, that even the "mother of all police states" is fragile in the face of sustained reform, however gradual. The Soviet Union is the last great empire of the twentieth century and its collapse should hearten reformers everywhere, especially the long-suffering citizens of the Soviet Union. Beyond that, there are several questions that current events in the Soviet Union raise.

For one, does it matter that the superpower that remains will be the United States? The US is a democratic entity and an energetic supporter of western-style democracies. But it has a dubious record of supporting brutal right-wing authoritarianism while opposing its leftist or nationalist form in the name of anti-Sovietism. This matters to countries like Cuba, now friendless, as it does to right-wing regimes like Haiti's which can continue their old ways. If leftist dictatorships like Syria's get a better deal, it is because their leaders have accepted Pax Americana and have been co-operating with the US for some time now in anticipation of current events. As for the others, such as democracies like India that are poor and non-aligned, dependent on American-supported aid initiatives, American dominance is assured.

This may not mean much to India for whom foreign policy is, in any case, likely to take a back seat because of its current foreign exchange problems. But it matters to liberation movements in South Africa and the Middle East where Soviet (and Indian) support made a difference.

Yet, more directly, Indians have more reason to be concerned than most about the geo-political repercussions of Soviet events. The first concern is the reaction of our government. It indicates that, notwithstanding our democratic method of electing parties, the style of the Congress party's internal operations is as dictatorial as that of the Soviet Communist party. This can be seen in the recent extension of the Indo-Soviet treaty of friendship and co-operation by 20 years without any public debate on the matter. It was also seen, more ludicrously, in the Prime Minister's egocentric response to the coup wherein he dwelt (wrongly, of course) on the tragic fate of radical reformers.

In this context, one wonders whether the party is seriously debating, as it ought to be doing, the political and economic consequences of the rapid break-up of the Soviet Union. If it is, one is yet to hear of it. Yet, these are crucial issues. For example, there is the distinct possibility of a new set of countries with ideologies distinct from communism coming up as India's new northern neighbours, in particular, Uzbekistan, Kirghiz and Kazakhastan. These areas have natural and historical economic and political ties with India. They are currently backward areas that will be in considerable need of new trade links. How is India to best strengthen thes with offers of trade now that these will be independent omies? A rapid consolidation will also help these countr avoid overtures from richer, but more fundamentalist n bours such as Iran.

Meanwhile, the Communist Party of India is likely to over the issue of its continued loyalty to Soviet-style cor nism. However, it has been marginalised over the eighti the Marxists, whose solid mass base in West Bengal and with Chinese communists will probably help it to surviv Soviet split.

There are two other areas of concern for India. The fi military related. India's military hardware is almost ent based on technology or imports from the Soviet Union Soviet Union (what remains of it) may well decide to India to speed up its payments of defence equipment, v also deciding to reduce its investment in defence techno

The second concern is trade. The USSR is India's se largest trading partner (after the US) and its largest ex market. Last year's trade surplus with the USSR Rs.2,800 crore. With the break-up, there could be a re tion, in the short term, in the USSR's ability to buy prod such as tea and pharmaceuticals. Until these sectors dev new markets elsewhere (such as, as noted above, with s of the new nations emerging there), there could be an adv impact.

By and large, Indian goods such as tea, computers cosmetics were exported to the Soviet Union at prices ceeding international rates. The USSR was a willing b because it saved hard currency. Not surprisingly, this si tion generated a Soviet deficit on current account which adjusted against a huge backlog of surpluses on earlier fence exports to India.

While exports of globally marketable goods such as could recover after some initial shocks, other items suc computers may not. In a free market economy, given Inc high tariff rates and low production volumes, compu hardware ought not to be produced locally, much less ported. Yet this industry developed its exports on a bas component imports from hard-currency areas solely to s ply finished computers to the USSR.

The changes in the USSR could have been better prepa for. Yet the Department of Electronics showed no forw thinking in this matter. Its latest annual report does not e refer to this problem. This is the price that has to be paid operating in a protected market.

In the long run, though, India's exports will increasin depend on their global competitiveness. The recent eve only speed up an inevitable process.

The break-up of the Soviet Union has begun and affect everyone. India's government needs to position country now for the waves that will wash over world.

Four new stock exchanges?



The report of the high powered study group on the establishment of new stock exchanges is sure to be controversial despite some of its proposals being sensible. Thus, most people would agree that its delineation of the areas of concern in stock exchange trading, viz, lack of liquidity, poor infrastructure facilities and inefficient trading and settlement mechanisms, is apt.

The committee's proposed solution to the problem areas is also commendable. There is, it argues, the critical need for better linkages across exchanges to allow efficient interchange trading. This is because the areas of concern largely arise from the fact that the Bombay Stock Exchange organises 70 per cent of the country's funds for capital market investment and, therefore, attracts the plum listings and the biggest clients. Thanks to abysmal communication facilities provided by the government and the brokers' don't-care attitude about on-line computerisation, this has led to poor access by investors and brokers outside Bombay to stocks traded at the BSE. As a result, the BSE functions as an elite club of brokers mostly involved in trades on its own behalf or on behalf of larger clients.

Once infrastructure and communication facilities improve this will require scripless trading, quick settlement systems and on-line information), national trading will begin, and, it will become worthwhile for an investor in, say, Shillong, to buy shares listed in Bombay through his local broker. At the end of the rainbow, however, there are huge social gains to be made. Firms will be able to raise larger amounts of funds through capital markets, investors in outlying areas (who currently pay up to 20 per cent more for buying shares listed major stock exchanges) will be able to access the stock-market directly. It will, additionally, be worthwhile to market new or neglected securities such as non-convertible debt and futures contracts.

Of course, just providing better linkages will not be suffice. the report correctly points out, the Securities and Exchange Board of India needs to be adequately empowered in order to efficiently regulate the markets. Similarly, the risks and returns of investing in various securities need to be clearly understood, for example, credit rating of debt.

The controversy arises in the strategies that the report proposes. Most controversially, these include the setting up of four new exchanges including a model exchange (at New Bombay) which will embody the best communication facilities in order to allow easy nationwide access. The model exchange will concentrate on developing the market for debt securities (a market that is currently thinly traded at the BSE and other exchanges). The model exchange will also be linked to all the other exchanges as part of a national market system.

Given that the BSE already exists and that a fully computerised new exchange for smaller companies' debt and equity, the OTC exchange, is about to be established, the question is whether the new exchange will be viable. Would it not make more sense to provide existing exchanges with better communication and computer facilities than to add a new exchange?

The point is that if communication is costly (relative to its quality), a new exchange offers no advantages over the existing system (as the country's near-defunct exchanges such as at Cochin illustrate). If communication is cheap, the existing system — properly interlinked — can cover the country more effectively through a sub-broker network than via a new exchange. The experience of countries like Korea, the UK and, particularly, the US (where regional stock exchanges as well as the New York-based American Stock Exchange have failed) indicates that an efficient sub-broker network works better than having more exchanges even when communications systems work well.

The study group, having correctly identified the problems and the approach for a solution, needs to rethink its strategies. Meanwhile, the government has, surprisingly, accepted the report, allowing no time for debate.

A crash a year



For Indian Airlines, a crash a year is becoming inescapable reality, however scary this might sound. Last fortnight when IC 257 perished in the thick jungles near Imphal it was the domestic airline's third major accident in three years, accidents which, between them, have claimed 288 lives. Of course, this time also we went through the ridiculous ritual that usually follows a plane crash — full blown media coverage, the minister for civil aviation rushing to the spot to an-

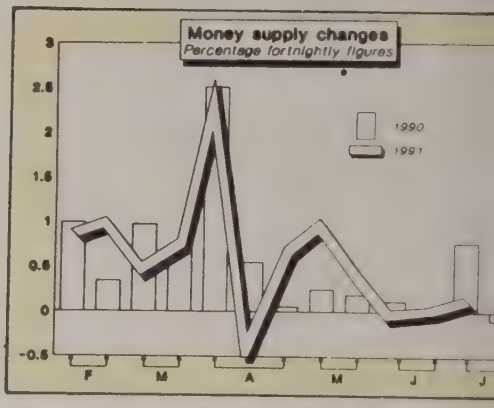
nounce a court of enquiry, efficient arrangements to ferry the victims' relatives, announcement of compensation, the airline leaking out news that the pilot was at fault, and the pilots' association retorting with press statements implying that they never are. A fortnight later everything is forgotten.

After all these years we still don't know what caused the Ahmedabad crash of October 1988 and the Bangalore crash of February 1990. If the aircrafts were at fault has anything been done to make sure that accidents don't recur, and if the pilots were at fault, was anything done to ensure that they don't slip up again? What one does know is that going by the frightening regularity of the accidents, it is reasonably certain that one more Indian Airlines plane will crash in the next one year. We can't trust our lives in the hands of an Indian Airlines pilot anymore. But considering that we have no option of flying any other airline on the domestic sector we will be constrained to using Indian Airlines regardless.

Can anything be done to make air travel safer in this country? Yes, plenty. The government has to make a beginning by ensuring the profitable functioning of Indian Airlines and Air India towards the regulation and safety of their operations. The present situation is a direct conflict of interests. It is really a sorry state of affairs that the minister of civil aviation should expend his energy on interviewing candidates for the chairmanship of Indian Airlines and Air India or se ing the contractors for the inflight catering service. The ernment's nationalisation of civil aviation in the 1950s understandable considering that the nascent Indian indu was not capable of making the capital investment that necessary to provide airline services then. But in these when the Tatas and Birlas run empires with turnovers ceeding several thousand crores there is no reason why government should operate Indian Airlines and Air Ind

The civil aviation ministry instead should be concent ing its energies on setting up a strong regulatory bod monitor the safety standards of airlines and airports, lik the US and UK. Monitoring safety is probably the si most important job in the aviation sector today for any g ernment. Though we do have the director general for c aviation who's entrusted with this task, the less said about working the better. What is needed instead is an autonom air safety monitoring body which will have both the sources and power to detect and rectify faults before a cr takes place and not one like the DGCA which does the mi ter's bidding and issues press statements after a plane g down. Too many lives have been lost for nothing and i high time the government sits up and takes note of the con quences of its inaction.

Decontrolling prices



Inflation, currently at over 13.5 per cent, could derail the government, and, with it, the process of liberalisation. Such high inflation rates were last seen in 1980 following the failure of the monsoon and the international oil crisis. This time the causes are: too steep a rise in money supply since April and a hike in the prices of edible oils, natural fibres and cement. Already, this has raised demands for price controls in these items, most notably in cement, a demand that the government has, for the moment, turned down.

In the area of resisting controls, the government has acted rightly on two counts. First, some increase in inflation was expected to follow from devaluation, liberalised interest rates, petrol price hikes and rises in general excise. Although the rate is more than the nine per cent predicted by the finance minister in his budget speech, the causes are 'cost-push' factors that can be offset by tightening money supply. Indeed, the new regime has cut down on money supply growth and, as a consequence, the rate of inflation should fall off. Further, bumper crops are expected in both edible oilseeds and natural fibres this year. Hence, it is not necessary to act to control prices at this stage.

But there is a more fundamental argument against price control, even when they work (which is rare). Price controls make sense only when cartels operate. Despite allegations, there is no evidence as yet of cartels in edible oils or cement. cement producers today are making undreamed-of profits, is because of high demand. Just as they absorbed the heat 1987 and 1988, when demand sagged and the Central go ernment (rightly) did nothing to help the industry, the indu try today should be allowed to reap the benefits of i patience. Only then will the industry's capacity increase at rapid enough pace to meet demand.

The point is that, in a liberalised regime of no interference in an industry's functioning, the governme must yield to market forces its earlier prerogative of contro ling or unduly taxing successful industries because of the temporary success. Such controls had been resorted t earlier — most notably the banning of tea exports in 198 and taxing exporters of black pepper in 1985 — with disas trous results. If inflation is to be controlled, the governmer should think of ways that will increase the supply of com modities. Price controls will do just the opposite. Allowin market forces to operate will lead to increased productio which is the only sensible way of holding down prices.

The government needs, in fact, to give up its ideas of con trol and liberalise even further. But because of its minorit status, it will need considerable political will to stand up t demands for price control.

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Steal me if you can

Door-to-door salesmen are hawking hi-tech these days. The latest product to take the direct selling route is Autocop, a car security system for Maruti owners. Autocop is touted as the most advanced of its breed similar to the one manufactured by Radio Shack, a division of Tandy Corporation, USA. In India, it is assembled by Ultimate Electronics Pvt Ltd, a Nasik-based company.

With Autocop installed, the salesman explains, the car can turn into a touch-me-not. The system starts working the moment the driver steps out. Any tampering with the doors, bonnet, windows or wheels sets off a screeching siren. It stops automatically when the ignition is turned on.



Varshal Thakore, director of Genesis Marketing, the Bombay distributors, claims that they are doing good business. A thousand units costing Rs.2,600 each have already been sold. With cars getting costlier, that's not so surprising.

Life goes on

"We are only still at the s of removing the shackles. One would have thought any sensible government would have done it 40 yea ago, but in India things m very slowly. Time is of no value at all. So a lifetime wasted means nothing. Af all we will be born and reborn and we will have many more lives to waste. Therefore, we can afford t waste this one, we still hav another life in which to ma good."

Nani Palkhivala speaking the new industrial policy a the annual general meeting Tata Unisys held on 14 August 1991.

The real cause

M.R. Pai, the indefatigable crusader for the consumers' cause has reacted strongly to the accusation that "pilot error" was responsible for the recent Imphal air disaster. Pai says its unjust to blame someone even before an inquiry is held. Numerous laxities on the part of the domestic carrier as well as the airport and civil aviation authorities are being ignored — stray dogs wander around unchecked on airfields, airports are swarming with touts and the area is badly maintained. In one case, passengers landing in Bombay had to wait for an hour for their luggage due to a "technical snag" which was really a lunch break for the duty staff.

Road wise

On an average, road accidents in India claim the lives of 700 persons daily. According to the *Road Development Plan for India (1981-2001)* published by the Indian Roads Congress, the casualty rate, 48,000 at present, will cross 84,000 per year if the trend continues.

Absence of road discipline and bad roads are cited as the main causes. To focus the attention of policy makers and the general public as well on this problem, the Loss Prevention Association of India Ltd has launched a quarterly guide which is exclusively devoted to issues relating to accident prevention and safety on roads.

Costly whiff

Mexicans gasping for a breath of fresh air will have to pay for it literally through their nose. *The Environment News Digest* reports that the world's first "pay-as-you-breathe" kiosks are being installed around Mexico City Centre providing people with pure oxygen at US $2 a minute.

The city has earned the dubious distinction of being the most polluted in the world. Spewing smokestack an oil refinery and nearly three million cars pollute the city's environment. As a result, most people die due to respiratory infections.



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R.D.
Bombay

...am in the air



...st month passengers ...velling by Air India ...ween Trivandrum and the ...lf celebrated Onam, the ...rvest festival of Kerala, on ...ard the aircraft. During ... festive season, which ...gan on 14 August and ...ded on 24 August, ...ssengers were dished out a wide variety of traditional delicacies. Indeed, the airline went the whole hog on this public relations exercise. The specially prepared menu card depicted the fare being served on plantain leaves. And the inflight entertainment was in Malayalam.

...sitor unfriendly

...ntil recently Indians ...iting Canada were issued ...as free of cost. It's not so ...y more since the Canadian ...gh Commission has begun ...arging a fee amounting to ...nadian $50 for a visitor ...velling alone, and $100 ...r a family. Students and ...orkers are charged $75 and ...50 respectively. Sources at ...e Canadian High ...ommission say the fee has ...en introduced on a ...ciprocal basis — the ...dian High Commission ... Canada recently ...apped a similar charge ... those travelling to ...dia.

Change of face

While statues of Lenin are being pulled down across Eastern Europe, the Moscow office of BBDO Marketing, the American ad agency, has found a new home for the revolutionary's face. In a new image campaign for the Moscow Savings Bank (Sberegatelny Bank), BBDO designed a red US dollar with one notable difference — Lenin's face in place of George Washington's. The red dollar is accompanied by the slogan "New times, new people, new services." It appeared in an ad which was released in several Soviet newspapers recently.

Big change

Collections from Hindu religious institutions, especially temples, constitute a major chunk of the Kerala-based Dhanalakshmi bank's deposits. With these collections being mainly in coins, the bank is now facing a disposal problem. Other public sector banks are reluctant to accept coins in large quantities. And so the bank has decided to offer the change to employees of other banks instead.

"We have designed a special loan for the benefit of the employees of commercial banks. The formalities of the loans are simple and the amount will be disbursed in coins. What you have to do is just to produce a salary certificate and co-obligancy of two of your co-workers. There is no delay and the amount can be sanctioned on the spot," says the notice circulated by the bank manager.

GOPALKRISHNAN T.S.
Palakkad

Front-end fibres

Du Pont Inc, the world's largest supplier of synthetic fibres to the textile industry, began its pioneering efforts over six decades ago in a small plant located in Richmond, Virginia. Today the Spruance plant, as it is called after pioneer-inventor William Spruance, a Du Pont employee, has 3,400 people and is considered a historical site. It was here that the first rayon and cellophane were manufactured by the company. A wide range of products are made here, such as teflon (discovered accidentally by a Du Pont researcher in 1938) and Nomex (an aramid fibre that is used for firefighting apparel, which also formed part of the 21-layer suit that Neil Armstrong wore on his historic moonwalk in 1969). The newest in the Spruance range is Kevlar that is five times stronger than steel and used for cables and fibre optics.

Recently the company has been assisting an Ahmedabad based company, Fluteffe, to set up a unit to manufacture an aerospace wire called Kapton which will be used in wiring aircraft.

High fliers

As the Bombay Stock Exchange Index scaled an all-time peak last fortnight, share prices too touched never-before highs. The biggest percentage increase — 82 per cent — was recorded by Garden Silk Mills, which reflected investors' confidence that this turnaround case would continue to put up a good show. Meanwhile, a leading speculator was responsible for the 76 per cent rise in the price of Birla 3M, a new company with a small equity base, of the Ashok Birla group. The market is bullish on textiles and tyres and this sentiment was translated into handsome gains for Nahar Exports and Vikrant Tyres.

Top 5 gainers

Name of company	Variance (%)	Closing price 23 August	Previous closing 19 August
Garden Silk	82	77.50	42.50
Birla 3M	75.6	180.00	102.50
Nahar Imports	73.6	230.00	132.50
Surya Imports	65.7	29.00	17.50
Vikrant Tyres	60	60.00	37.50

Egyptian venture



Birla: a matter of experience

After spreading his wings in the South-east Asian countries of Thailand, the Philippines and Malaysia, Aditya Birla is now looking towards the Middle East countries. One of the Birla group companies, most probably Indian Rayon, is setting up a joint venture with a state-owned company in Egypt. The new company is setting up a Rs.31 crore project to manufacture 10,000 tonnes per annum of carbon black. Birla was apparently chosen as partner because of his experience in running carbon black plants, one in India and another in Thailand.

Cutting losses

ITC Ltd is soon going to take over Gujarat Hotels Ltd, a company which was jointly floated by Gujarat Industrial Investment Corporation (GIIC) and ITC in 1986 to put up a 5-star hotel in Baroda. Run by ITC's hotel division, Welcomgroup, the hotel has been doing badly, ending up with losses in the last two years. The company, along with its bankers, has now worked out a rehabilitation package. GIIC has also sold its entire stake (26 per cent) to ITC, raising the latter's stake to 51 per cent. With such large holdings and given Gujarat Hotels' bad health, there is a possibility that the company may even be merged with ITC.

Slow road to revival

Majestic Auto, the ailing Munjal group company, has recently received two shots in the arm, which may ultimately lead to its revival. First, the union budget reduced the excise duty on mopeds having an engine capacity between 50 cc and 75 cc, and Majestic Auto's 65 cc "Hero-Puch" receives the benefit. And last fortnight, the company signed an agreement with Derby Rabasa of Spain to export a large number of mopeds to that country. Initially, Derby will pick up 20,000 Hero-Puch mopeds every month and market it under the "Panther" brand name in Spain and some other European countries. If all goes well, the company may raise its order to 50,000 mopeds a month subsequently.

Whither NRI deposits?

The State Bank of India has been facing a cash crunch for almost two years now. The reasons are many, ranging from the country's forex problems (SBI's huge Indian Oil and ONGC accounts have a large forex outgo) to elections to 'dryness' in the financial system. Recently, yet another factor has surfaced. Over the past two years, SBI has lost as much as $35 million (Rs.700 crore at the exchange rate prevailing before devaluation) through NRIs in arbitrage. After defrauding the bank, the NRIs, naturally, are absconding. SBI is now borrowing money from its associate, State Bank of Saurashtra, to tide over the crisis.

Foreigners preferred

The much talked about privatisation of public sector enterprises is likely to take some tangible shape in the ministry of tourism and civil aviation soon. The ministry has recently requested merchant banking divisions of some foreign banks to assess the real market value of the hotels and resorts owned and run by the Indian Tourism Development Corporation and Hotel Corporation of India.

Once the assessment is ready and approved the ministry is likely to invite private hotel companies to share financial responsibilities and help in running the hotels more efficiently. The possibility of hiving off some hotels completely to the private sector is also not ruled out.

Meanwhile, people in the banking sector are wondering why the merchant banking divisions of Indian banks are not getting their share of the lucrative valuation of assets business.

Pipe dream

From pipes to PVC seemed the logica to take, since backward integration in fashion. So P.P. Chhabria and F Pipes went that way. But who coul guessed that the cost of the projec had planned would escalate from R crore to almost Rs.500 crore? Now as the Chhabrias battle this pro there is trouble on other fronts. Th going to be the inevitable delay in i mentation and the project may not stream as planned in October 1992. such cost and time overruns, wha happen to the economics of the pr The Chhabrias are, of course, g ahead with the project, probably ba on the fact that other PVC projects i pipeline — Reliance Petrochemical one — will face the same economics.

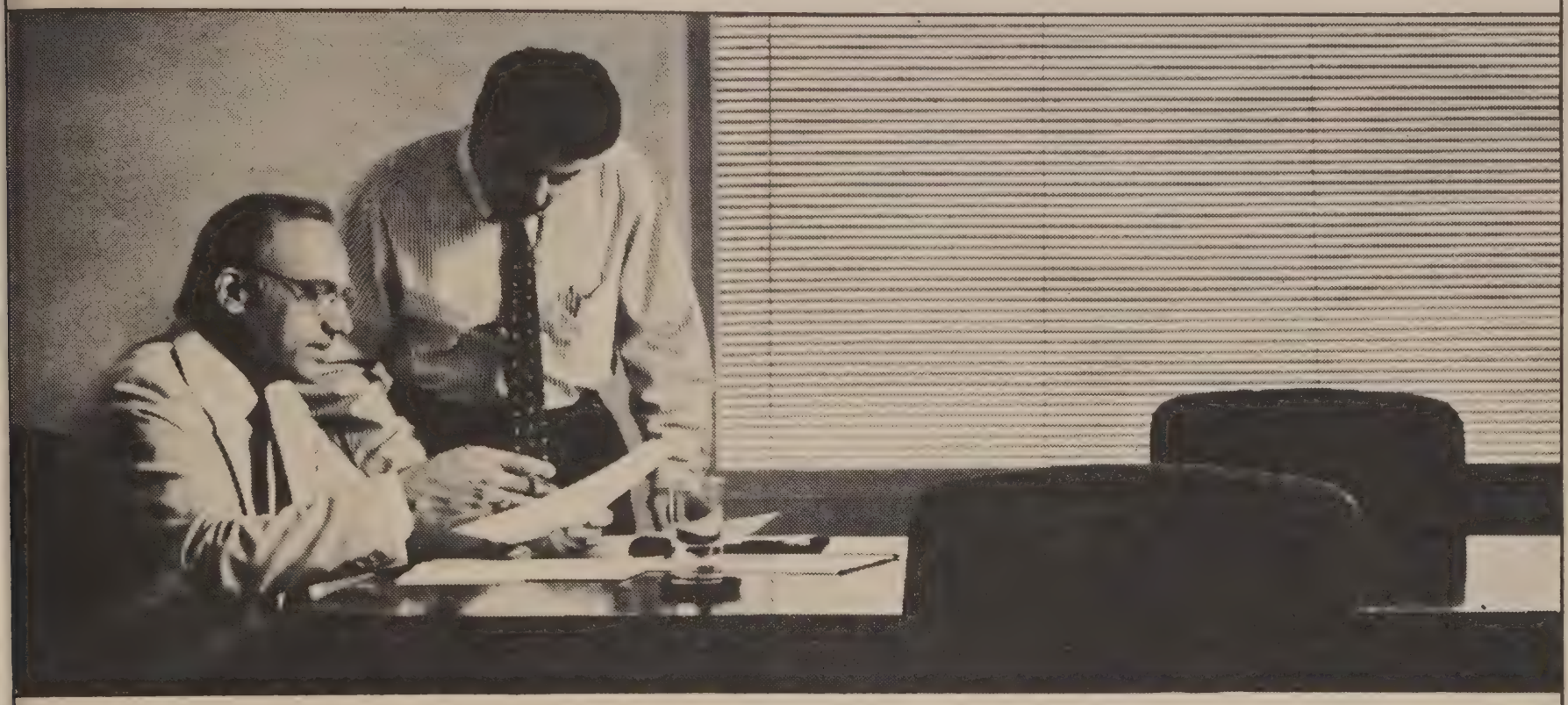
Coveted chair

Many continue to covet the prestig job of chairman of State Bank of I (SBI). Though the present incumb M.N. Goiporia, has a few years to go fore retirement, this hasn't preve others from aspiring to take over the r of India's largest bank. The modus o andi would be to 'promote' Goipori another job within the government (pr ably as deputy governor of RBI.

The person being currently tal about as a potential successor is P Subba Rao, who is known to be frien to prime minister P.V. Narasimha Ra businessman son. But since Rao, as d uty managing director in charge of cor rate banking at SBI, is three levels bel his elevation will first mean accommod ing the two managing directors, T. Sinha and V. Mahadevan, somewh else. The gameplan is that Sinha ta over as chairman for a short while bef retiring, while Mahadevan, with his pertise in corporate finance, can repla N. Vaghul as chairman of ICICI. If all t can be wangled by January 1992, R stands to get a full two-year term.

Meanwhile, according to the banki circle grapevine, R. Srinivasan — w was desperately trying for the top SBI po has now succeeded in getting himself t chairmanship of the Board for Industri and Financial Reconstruction after t controversial R. Ganapathi retires January. Other recommendations rema pending with the union finance ministr

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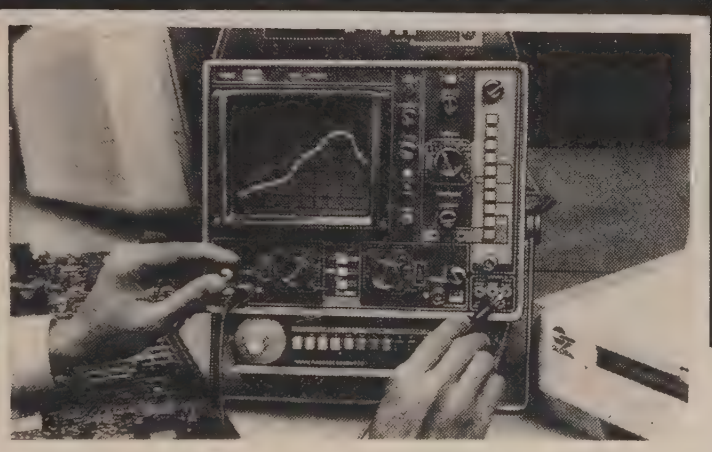
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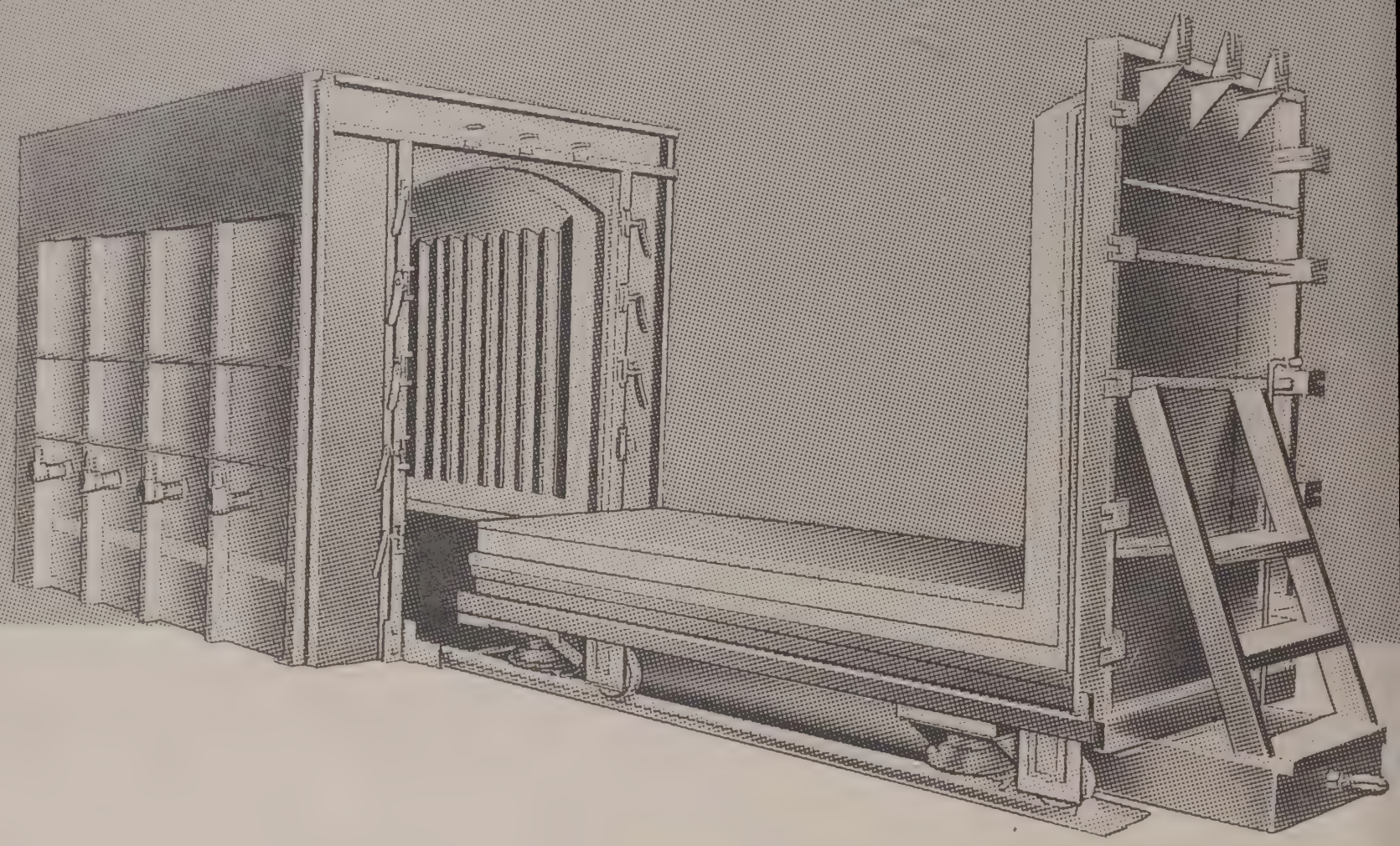
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A meeting extraordinaire

"The meeting stands adjourned," the chairman said, and left. And then ere was pandemonium. The corporate nt of the year, the extraordinary eral meeting of Larsen & Toubro, had ed, even before it began! Shaken out heir reverie by the announcement, reholders, who had denied the banis the pleasure of their proxies to ch the takeover drama, took over



bani brothers: marking time

ntrol' of a battle they had already lost. **gans and protests**. They protested rily, this they did with a flourish, ng the choicest swear words. The brunt t was borne by the man chosen by the itutions for the job, the "unanimously ted" chairman of the meeting and LIC minee director on the L&T board, .Gupta. Left behind to listen to the gan shouting, *Gupta hai, hai* and *We nt Dhirubhai*, were the grim faced Amai brothers, Mukesh and Anil. Tria's massive proxy collection effort not enough, having fallen short of a ority by a mere 1.5 per cent of the votequity.

Though they deny it, the Ambanis were bably aware of what was going to pen, which is why Dhirubhai Amai, who was seeking re-election as irman, was not present. But, they were ing that the mood of the shareholders was it their own supporters?) would ry the day for them. The 48.51 per cent port they have garnered from L&T reholders will be valid when the EGM e-convened on 16 September and they ght even be able to muster the required jority.

But, if 26 August was not the Ambanis' day, neither did it belong to the institutions. They cut a sorry picture before the public over the manner in which they got the EGM adjourned, because neither the LIC representative's last-two-days-were-holidays excuse nor Gupta's bomb scare cut any ice with the shareholders. They only served to strengthen the suspicions that the institutions had come prepared to adjourn the meeting, since they also announced the venue for the next meeting.

Obviously, the institutions were buying time, not having received any "written directive from Delhi". For some strange reasons, until noon on the EGM day, the institutional shareholders of L&T were not even willing to meet together to discuss the subject. The cause as well as the beneficiary of the confusion was none other than the Central government. Its non-committal stance helped boost its image of non-interference in the affairs of the institutions and the corporate sector. Moreover, with Parliament still in session, the minority Congress government, for obvious reasons, does not want to face questioning on this count.

So the L&T saga continues beyond D Day. That the Ambanis will eventually return to control the engineering giant is almost a certainty. The three-week wait might well serve as a respite for them to strengthen their claim further. At the next meeting, who knows, the institutions might just not turn up.

■ MADHAV REDDY

SPARTEK CERAMICS

Synergic merger

The Madras-based Spartek Ceramics India Ltd has revolutionised the ceramic tiles market (see *Business India*, 22 August, 1988). And now, Krishna Prasad Tripuraneni, the young managing director of the company has pulled another surprise. Last month, Tripuraneni unveiled his plan to merge two group companies — Spartek Ceramics (turnover for 1991: Rs.31.84 crore) and Spartek Granites (a new company with an expected turnover for 1991-92 of Rs.10 crore).

The merger will take effect from 1 April 1991 and the shares will be exchanged in the ratio of two Spartek Ceramics' shares for three Spartek Granites' shares. The exchange ratio has been worked out keeping in mind the price of equity shares of the two. Spartek Ceramics is quoting around Rs.75 and Spartek Granites, around Rs.50. "The shareholders of both the companies will not be worse off," says Tripuraneni. "In fact, all will gain from a stronger company," he adds.

What made it necessary to merge Spartek Granites which was floated only last year? It had made a public issue of Rs.5.74 crore (equity shares plus convertible debentures) only in last September to part finance a Rs.20-crore export-oriented unit for ceramic granite tiles. And the 750,000 sq metre plant went into production in March 1991.

Despite a small cost overrun, Tripuraneni insists that Spartek Granites is not unviable on its own, and the reasons

SPARTEK Ceramics India Limited

for the merger is synergy in the production process, technology and marketing. Spartek Ceramics makes ceramic floor and wall tiles and Spartek Granites makes ceramic granite tiles. Says Tripuraneni, "About 75 per cent of granites is to be exported to overseas buyers who also deal in ceramic tiles. So, the tiles marketing abroad will become easy."

Synergies apart, the merger will help Spartek Ceramics save on taxes by way of larger depreciation claims. The equity capital of the merged company will go upto Rs.7.96 crore. Against this, the company's turnover is expected to go up to Rs.45 crore in 1991-92. Tripuraneni is confident that the company will maintain its earnings per share around last year's level of Rs.6.5.

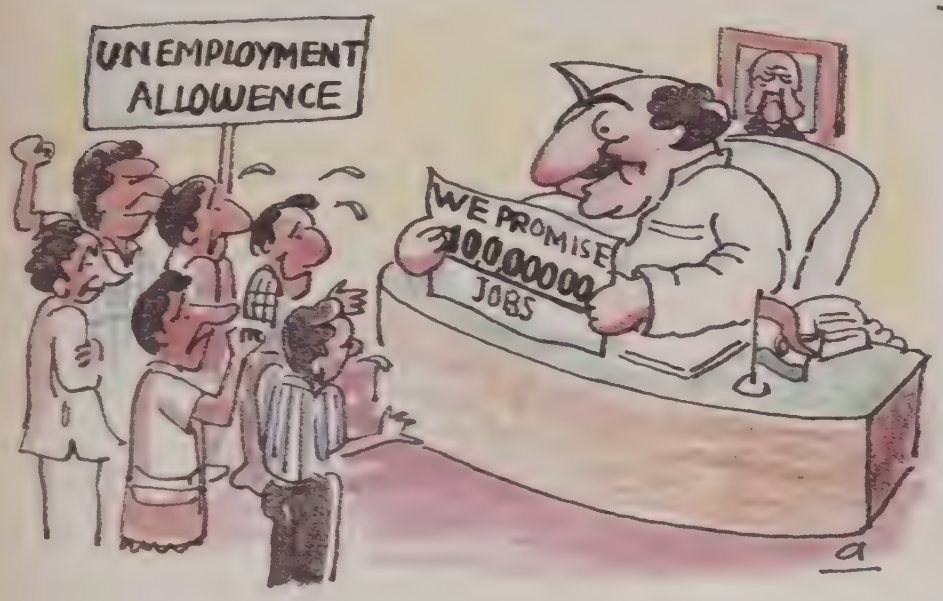
■ DILIP MAITRA

Promises

The **World Bank** says that reforming India deserves a helping hand. It has advised developed countries to offer quick disbursement aid. However the Bank feels that a firmer stand needs to be taken on the contentious issue of the exit policy. In any case, the Bank's view should be a positive pointer when the Aid India consortium meets in Paris later this month.

After conferring for two days in the capital, telecom experts concluded that the most important thing was to provide instant relief to suffering subscribers. If a telephone goes on the blink it will be repaired in a day, promised **Rajesh Pilot,** minister of state for communication.

The government has ruled out dole for the country's 35



million unemployed. Instead 100 million **job opportunities** will be created over the next 10 years. H.R. Bharadwaj, minister of state for planning, said that unemployment allowance would only make people lazy.

Compromises

Those with their illicit millions stashed away abroad will be allowed to convert it into legal Indian tender under an **immunity scheme** devised by finance minister Manmohan Singh. No questions will be asked nor any tax imposed on those receiving "gifts" in foreign exchange. The cabinet recently approved the proposed legislation which is to be presented as a bill in the current session of parliament. Singh expects a billion dollars to pour in.

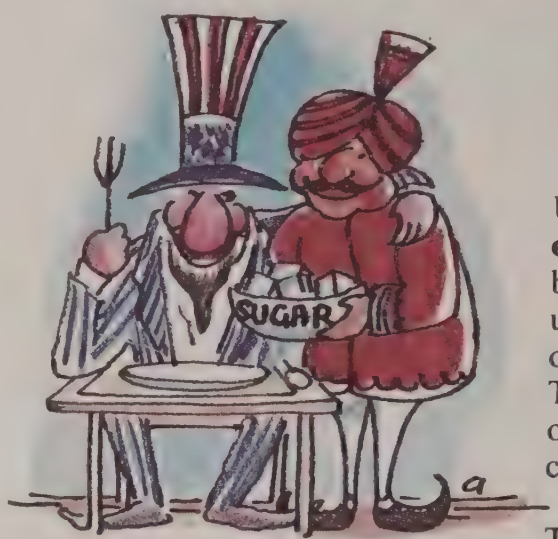
The **newsprint imbroglio** ended last fortnight with the government agreeing to a "cost sharing" scheme. In place of the proposed price hike on imported newsprint is a one-time surcharge of Rs.800 per tonne on standard newsprint and Rs.2,300 per tonne on the glazed variety. The newspaper industry accepted the compromise formula with reluctance.

Hopes

At a meeting in Calcutta, Reserve Bank governor **S. Venkitaramanan** announced that the all-important IMF loan should come through by mid-September. Press reports quoted him as saying that $4 billion was on the way. The Reserve Bank issued a hasty clarification the next day: the loan amount is as yet unconfirmed, though the talks have been "fruitful".

The recent economic reforms have gladdened the hearts of overseas Indians somewhat. In April this year, foreign currency **non-resident deposits** were draining off at the rate of Rs.145 crore every week. The average outflow is now down to less than half — Rs.62 crore weekly. Hope springs eternal...

India is expecting "preferential treatment" from the United States, to increase the country's **sugar import quota.** According to S. L. Jain, secretary-general of the Indian Sugar Mills Association, it was



"non-performance" that caused the quota's fall from 100,000 tonnes to the current 15,000 tonnes.

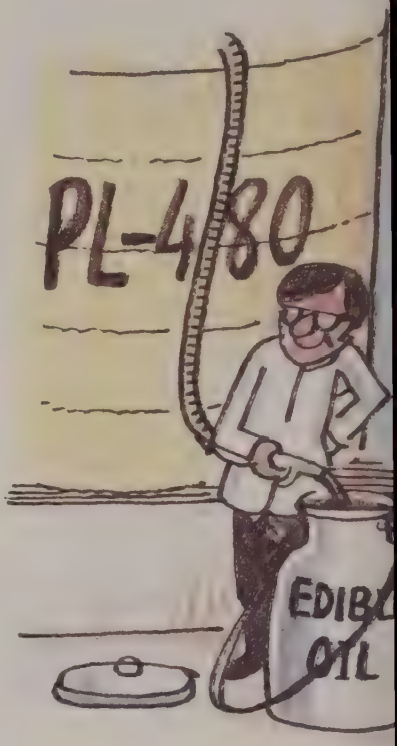
Fears

There may be no takers for the **twenty per cent equity** offering by selected public sector units, unless the shares are listed. Reason: the charter of the biggest mutual fund, the Unit Trust of India, prevents it from investing in unlisted shares. To get out of this bind, the finance ministry just might make a concession and offer a small percentage to the public first.

Representatives of the **foundry industry** have urged the government to remove customs duty on pig iron and steel scrap, two of its major raw materials. They expect a shortfall of 500,000 tonnes of pig iron this year alone.

Reprieves

The Department of Economic Affairs' negotiations with the

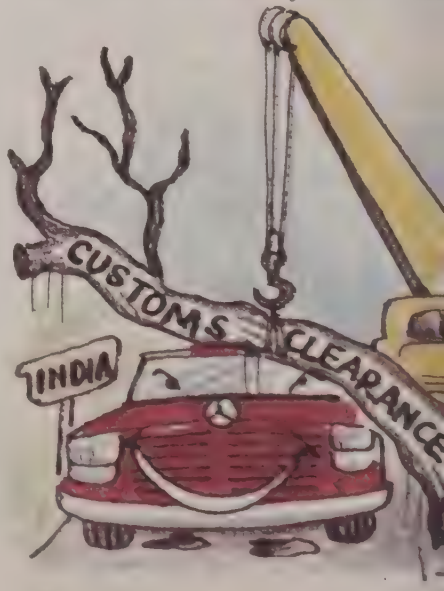


US authorities to include **edible oil** under PL 480 hav borne fruit. A supply stream upto 6 lakh tonnes is assured over the next couple of years This should prove a stabilise on domestic prices and conserve foreign exchange to

The State Bank of India has resumed gold supplies to **jewellery exporters**. Vociferous protests from the latter that they were losing o on foreign exchange earnings upto Rs.60 crore every mont prompted the commerce ministry to issue the necessar diktat.

Reliefs

Importing cars is now easier. Vehicles have been placed under OGL and the requiremen of a customs clearance permit has been done away with. The



ategories of people
led to such imports
ains unchanged, though
oms duty will have to be
by all, save government
ants, in foreign exchange.

otests

mists and pharmaceutical panies shut shop on 26 ust in what was meant to country-wide protest nst the government's hy to the drug industry's vances. The main one es to prices which, they should be raised forthwith lse the manufacture of vital gs could get emunerative and spurious gs would abound.

State Bank of India (SBI) ed the Supreme Court nst a directive issued by Madras high court asking lend Rs.40 lakh to the agement of the closed (Binny) Mills towards ing 50 per cent of the kers' wages. The Supreme rt granted the stay on the nd that wage payments the management's onsibility.

e major **bank employee ons** have reached an erstanding to launch a tning strike if the ernment made any move to ratise banks or raise money n the public. No date has n fixed for the offensive, their sleeves are rolled up reparation.

icers of **Syndicate Bank** divided over the issue of ging a 'war' against the k's management. As a lt, a new officers' forum, All India Syndicate Bank icers Confederation, has n formed by the former sident of the Syndicate k Officers Association.

rtnerships

e Tamil Nadu Industrial velopment Corporation CO) has chosen the Calcutta-ed McNally Bharat as its partner to construct and operate a Rs.6,000-crore power plant in Tamil Nadu. Lignite from the Neyvelli coal fields will form the primary fuel for the plant.

Koyo Seiko Company Ltd, will pick up a 10 per cent equity stake in Sona Steering Systems, which is based in Delhi. For starters, the Japanese company will source $10 million worth of components from its Indian partner. Later, the sourcing arrangement may be expanded to include steering systems as well. This strategy makes sense given the high production costs Koyo has to cope with in Japan.

Godrej Soaps Ltd will now manufacture Margo soap and Neem toothpaste for Shaw Wallace and Company. Labour problems led to the closure of Calcutta Chemicals, the Chhabria company making these products, and prompted Shaw Wallace to look for an alternative manufacturing base.

The International Finance Corporation, Washington, will invest $16.7 million in the expansion project of Varun Shipping Company Ltd. This is in addition to the Rs.3.5 crore equity it already has.

The public sector **Hindustan Aeronautics Ltd** wants to set up an advanced engineering software company together with British Aerospace of the UK. A tripartite agreement between the two partners and the government is in the offing. HAL has been assured business from BAE.

Hoechst AG has developed technology for the manufacture of H-FC 134a, the ozone-friendly alternative to chlorofluorocarbons (CFCs) used in refrigeration and air-conditioning. Hoechst is offering technology to Mafatlal Fine Spinning and Mfg Co Ltd whose chemicals division has formulated a Rs.100-crore plan to introduce environment-friendly gases, propellants, and suitable lubricants in the country.

Controversies

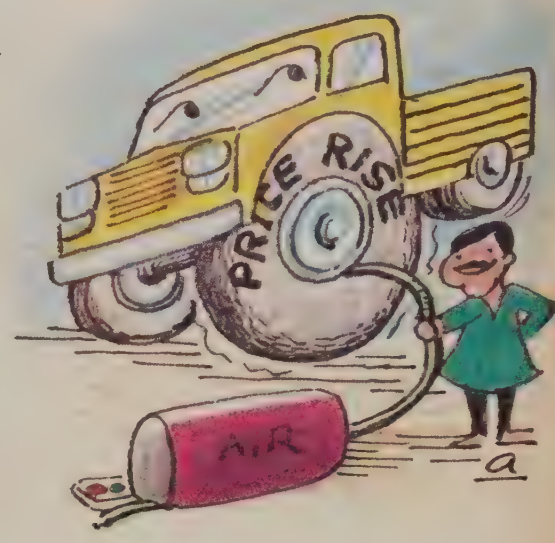
Despite last minute telephone calls from the prime minister and the finance minister, **Dhirubhai Ambani** refused to call off the controversial extraordinary general meeting of Larsen & Toubro Ltd. It eventually turned out to be an abortive affair, thanks to a bomb scare and a plea for postponement by the financial institutions who said they wanted more time to mull over the case. Reports suggest that political pressures prompted the delaying tactic. The Ambanis have to wait a little bit longer — until 16 September — to realise their L&T vision.

Meanwhile, the Ambani flagship, **Reliance Industries Ltd** has got the nod of assent from the Controller of Capital Issues for its Rs.987-crore debenture offering. This should ensure that the company's gas cracker at Hazira gets cracking soon.

A study group headed by **M.J. Pherwani** has recommended that the office of the Controller of Capital Issues be abolished. Market forces, rather than the CCI, is the best determinant of share premium. Pherwani's proposal for a national stockmarket system, which got the government's go-ahead has, raised a storm of controversy.

"Surely you don't want India to become a country of maid servants?" That was prime minister **Narasimha Rao's** rhetorical rejoinder to Nirmal Chatterjee of the CPM. In a parliament parley, Chatterjee accused the government of allowing the manufacture of washing machines under the guise of technology.

Hikes



Tyres are now costlier. Manufacturers have jacked up prices by 11 to 15 per cent following the excise duty revision in the budget. This is the steepest hike in ten years.

Discussions between the Textile Commissioner and the indigenous producers of caprolactam, the raw material for nylon filament yarn, resulted in an increase in the **ceiling price of NFY** by Rs.11 per kg. This hike comes as a timely reprieve for the industry which has been reeling under rising production costs.

Commitments

Goa, the sunseeking tourist's paradise, is now looking to develop its industrial base. The new industrial policy announced by state industries minister Suresh Parulekar contained a host of handouts to would-be entrepreneurs. These include a 25 per cent investment subsidy, sales tax benefits and a 25 per cent relief in water and power tariffs. The state hopes that its new slogan "take industrial schemes to the people", will enthuse its citizens, especially those who are now non-residents abroad.

Technopark, the collective name for Kerala's **electronics technology parks** coming up in Trivandrum, Kochi and Kozhikode is five months old. Thirty-three companies have already registered their export-

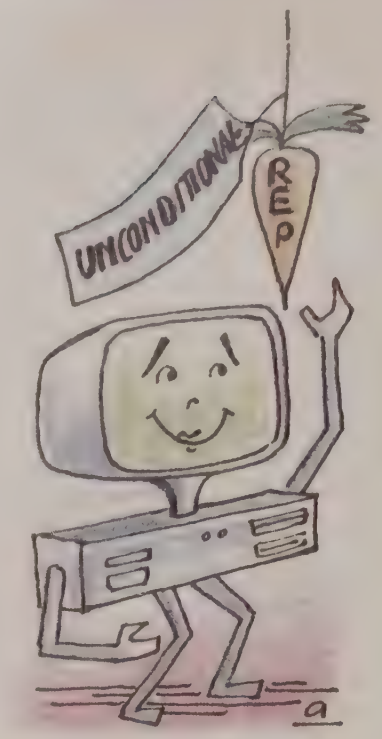
oriented software units in the Trivandrum park. Each park is estimated to cost Rs.22 crore with the Department of Electronics providing infrastructural support. Technopark's ultimate ambition is to create the "world's greenest electronics technopolis."

Market forces will be allowed to prevail in the **cement industry**, declared the government categorically while rejecting a demand by Haryana, Uttar Pradesh and West Bengal for reintroducing price controls.

Gainers

Manu Chhabria has pipped Vijay Mallya in the liquor stakes. In their bid to take over Doburg Lager Breweries an ailing beer manufacturer under BIFR, United Breweries lost out to Sica Breweries, a Shaw Wallace company. Sica plans to pump Rs.7.19 crore into Doburg.

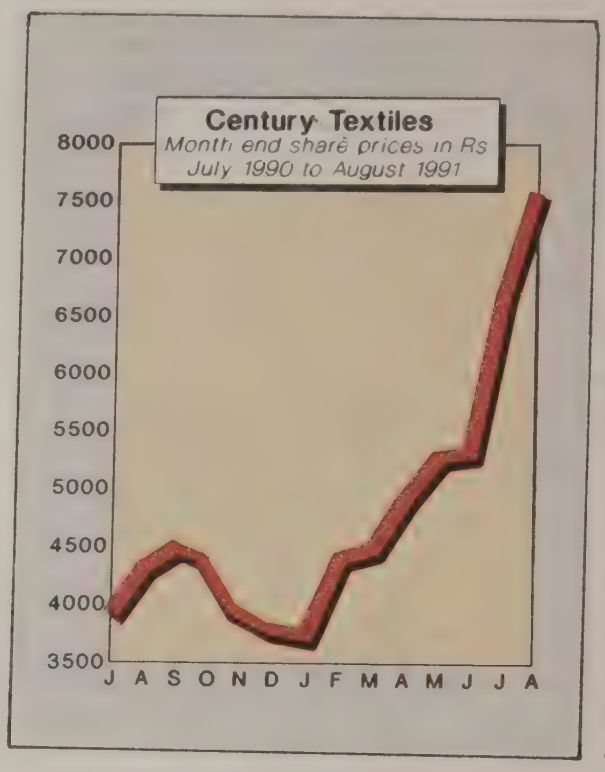
Computer units with a domestic turnover of more than Rs.5 crore will be allowed flexible REP facility. This was so far available only to the TV



industry, which has been allowed to import components other than those required in TV manufacture.

The restraint imposed on cigarette giant **ITC Ltd**, earlier this year, from manufacturing and selling its bestselling Wills brand by a district judge in Sikkim, has been lifted. The Sikkim High Court dismissed the two suits that accused ITC of passing off Wills as a foreign brand. The company is convinced that the complaint was engineered by a rival; it has caused a production loss of Rs.5 crore.

The **Bombay Stock Exchange** Sensitive Index crossed the 1,800 peak last fortnight. The highest priced share is Century, long considered a star performer.



Losers

Thanks to the grounding of the A320s after the Bangalore crash, **Indian Airlines** carried fewer passengers in 1990-91. The total number of people ferried was 78.4 lakh as compared to 98.5 lakh in the previous year. By 1994-95, the number should increase t lakh, according to the civ aviation and tourism min Madhavrao Scindia.

Employees of the Pakistar branch of the **Ba Credit and Comm International** made a bid to buy Pakistan operatio the beleagured b This bid came afte Pakistani governm recent decision to s public sector bank Allied Bank Limite its employees.

Pens, prices and ...

Ninety seven per cer of the **pens and pencils** made in Ind are the handiwork o small-scale manufacturers. The Writing Instruments Manufacturers' Organisation, their representative body, recently organised an exhibition in the capital, called — yes, that's right — The Write Show.

LANDMARKS

Released, K. Doraiswami, executive director of Indian Oil Corporation of Bombay after being held in captivity in Srinagar by Kashmiri militants for 54 days, in exchange for 9 terrorists. But S.L. Khosa, the Srinagar branch manager of New India Assurance who was kidnapped by the same militant group Ikhwan-Ul-Muslimeen on 17 August continues to be in captivity.



Appointed, Dr. C. Rangarajan as member, Planning Commission. He was till recently deputy governor, Reserve Bank of India.

Appointed, former PTI spokesman and ex-editor of the Calcutta daily *The Telegraph*, M.J. Akbar as advisor in the Union ministry for human resources development. The job is honorary and will not carry any remuneration.

Appointed, Surendra Singh, a 1959 batch IAS officer of UP cadre as secretary, heavy industry in the industry ministry. He was earlier a special secretary in the prime minister's office.

Achieved, a record of sorts by Tamil Nadu chief minister Jayalalitha who visited her Bargur constituency in Dharmapuri district in a convoy of more than 1,000 vehicles which was three km long.

Revealed, by commerce minister P. Chidambaram that he had appointed an advisory committee to examine the desirability and feasibility of setting up a free port in India.

Revealed, by minister of state for finance, Dalbir Singh that only 15,894 tax payers in India earn more than Rs.5 lakh and 8,692 tax payers earn more than Rs.10 lakh.

Revealed, by minister of state for health and family welfare, Tara Devi that 48 people have died of AIDS in India in the last three years. Maharashtra topped the list with 15 deaths followed by Delhi and Madras with 8 each.

Inducted, Sadanand G. Bhatkal, chairman, Popular Prakashan, a reputed Bombay-based publishing house into the Indian Publishing Hall of Fame, New Delhi. Apart from publishing technical books for over three decades he ran the industry journal *Indian Publisher and Bookseller*.

SOME MEN ARE MADE OF STEEL AND GOLD.

SANTOS EAU DE TOILETTE, FROM CARTIER. BRINGING A MYTHICAL NAME TO LIFE, CELEBRATING THE SPIRIT OF CONQUEST AND FREEDOM. AROMAS OF WARM WOODS AND EXOTIC SPICES PUNCTUATE HARDY CHARACTER. A FITTING BLEND OF ADVENTURE AND ELEGANCE. MADE FOR MEN DETERMINED TO SHAPE THEIR OWN EXISTENCE.



EAU DE TOILETTE Santos

PARFUMS

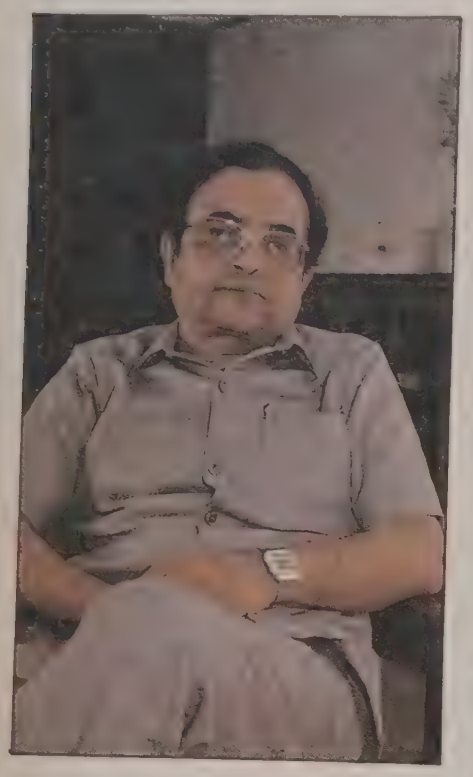
Cartier

Paris

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S.M. PARANDE

The inhuman face of a bankruptcy related liquidator is all too well-known. S.M. Parande, the former executive director of



SBI Caps and now the Bombay high court appointed provisional liquidator of BCCI India assets, however, would not fit into this mould. The desperate among those who have their money stuck with the bank have approached him for help and he has been more than willing to oblige. A handicapped hawker who owned a food cart outside the bank's premises at Bombay's Nariman Point suddenly found himself without money to do the business the day after BCCI ceased operations. His Rs.15,000 deposit was among the Rs.520-crore asset of the bank frozen by the high court. When his mother approached Parande a few days later saying that they had no money to do business, the career State Bank official immediately arranged for an overdraft facility at his parent bank's nearby branch. Similarly, when the government run School for Shipping Engineers attached to the ministry of shipping pleaded with Parande saying that the freezing of their Rs.40-lakh deposit meant that they had no money to pay their staff wages worth Rs.2 lakh for the month of July, the banker again arranged for an overdraft facility. Parande says that he will consider similar requests in future as well, on a case-by-case basis.

PRAKASH RATNAPARKHE

Electronica, a Pune-based machine tool company, recently tied up with Staubli Unimation of the UK, for selling industrial robots in India. Staubli has already manufactured over 10,000 robots and has been in this field for over 30 years. It manufactures 1,000 robots annually at its Telford plant in the UK. "Later on, we will be supplying components to Staubli and in the final phase, shall start manufacturing robots in



India," says Prakash Ratnaparkhe, director, Electronica. Most of these robots will, however, be exported to south east Asian countries since the market in India for industrial robots has still not picked up.

SANJAY KIRLOSKAR

Last fortnight, the Kirloskarwadi plant of Pune-based Kirloskar Brothers Ltd joined the exclusive club of Indian companies who have received the much-coveted ISO 9001 certificate. According to vice-chairman and managing director Sanjay Kirloskar, a complete and stringent audit was carried out of not only the quality control systems at the plant but also the manufacturing processes, storing systems, material handling systems, etc. The audit is carried out by an international organisation, which in this case was Bureau Veritas Quality International of the UK. The country's largest diesel engine manufacturer is already doing well in the domestic market with sales crossing the Rs.180-crore mark in 1990-91 and exports exceeding Rs.14 crore.



MUKESH JAIN

After setting up an acrylon fibre project, Mukesh Jain, managing director of Delhi-bas
hupati Acrylon has dec
go a little further by ex
acrylon end products
Gulf markets. He has a
started sending abroad
sarees, shawls and even
This year's export turn
expected to be Rs.10 cr
which Rs.2 crore has a
been achieved. Now Jain
ting up a new unit at a c
Rs.25 crore — Pashupati
tries — to manufacture a
end products.

TARA SINHA



Last year, Delhi-based T
Sinha Associates (TSA)
nounced an equity participat
by McCann-Erikson Wo
wide. But it was only recer
that the formal collaborat
came into being and TSA beca
Tara Sinha McCann-Erik
(TSME). Two McCann-Erik



sentatives will be on the
d of the new company in
n the overseas partner has a
er cent controlling share.
a new name and projected
gs of Rs.20 crore this year,
s all set to battle the reces-
which has caught the in-
y unawares.

S.N. BAKSHI

s 25 years with Air India,
where he retired as a se-
manager, systems catering,
988, S.N. Bakshi travelled worldwide 80 times. Wherever he went, he mesmerised gourmets with his Indian cooking. For the last three years, it was the Japanese — as general manager of the Tokyo-based Maharaja chain of restaurants. There, he also gave cooking classes and has trained 850 Japanese ladies in the art of Indian cooking. Now the country's most famous vegeterian chef has become a freelancer and will cater his skills in capitals all across the world. On special occasions in the past, Bakshi has cooked for ex-princes, four Indian prime ministers and four



Indian presidents. But perhaps the high point of his interesting life was the time when Maxim's in Paris allowed him to use their kitchen to create a grand Indian dinner for 200 international personalities including the entire cast of the "Gandhi" film. That day, the chief chef of Maxim's assisted Bakshi in peeling onions!

RANDHIR SAHNI & VINAY TOSHNIWAL

president of Llewelyn-
vies Sahni Inc, the success-
Houston-based architec-
al, planning, urban design
consulting firm, Randhir
ni now has designs on
lia. Early this month he
ned an MoU with Vinay
shniwal, managing director
Toshniwal Brothers (a
der in sophisticated high
hnology instrumentation in
erse fields) for a 50-50
uity participation in a new
mt venture — Toshbro-
hni Consultancy Pvt Ltd.
e new Bombay-based firm
l undertake turnkey project
nsultancy for building hospitals in Russia, the Middle East and the Far East.

"With growing awareness and affordability of tertiary health care, there is an unprecedented demand for well-equipped hospitals in India as well as in Russia. A combination of Western technology and Indian engineering and consultancy could, therefore, become an internationally competitive product," says Sahni. Toshniwal concurs, "The recent entry of the corporate sector into health care indicates that there will be bigger investment in developing hospital infrastructure."



V.S. GOSAVI

At this stage, it sounds farfetched but V.S. Gosavi, associate vice-president of Kirloskar Consultants is serious about the project. The Pune based company has bagged the contract for a Rs.300-crore "floating" hotel and commercial complex to be built off Nariman Point in Bombay in the sea. The 1,000-room hotel named Chateau International, will house a shopping arcade, diamond and jewellery bourses and a mini hospital. The project is being promoted by D. Mukkerji who has 15 years experience in the hotel industry and Le-Groupe Martin Fenouillet of Paris has been roped in for designing the project. Kirloskar Consultants has already received an advance payment for the project, expected to be completed by 1995-96.



CHARLES HANCHETT

The US-based Harris Corp — world leaders in radiation-hardened ICs — has set its eyes on the Indian market what with the recent policy charges. Through a technical and financial collaboration with Intersil Inc (a subsidiary of Harris), Intersil India had been the exclusive export-oriented manufacturer of Harris semiconductor products in India and also its sales representative since 1979.



"Only now for the first time it has become possible to reach out to the vast Indian market," says Charles Hanchett, vice-president (Asia-Pacific), Harris Corp. Harris has set its targets right. According to Hanchett, who has been with Harris for 18 years, the company will not actively pursue the consumer market. Instead, Harris will be looking for bulk orders from the defence and communication sectors and also from the automotive industry.

THE BOEING DEAL

Last-minute approval

Dogged by controversies and political machinations accruing from three government changes over the last two years, Air India finally received cabinet clearance for the purchase of four Boeing 747s a day before the — third and final — 15 August deadline. It was on 13 September, 1989 that the Air India board had approved the purchase. Following its recommendations, the Public Investment Board clearance was ultimately received on 15 March, 1991, but the president informed the cabinet committee for economic affairs (CCEA) that the then caretaker government of prime minister Chandra Shekhar could not sanction such a big order.



Gupte (left) **signing the agreement: keeping all options open**

The first of the aircraft will arrive in August 1993, eight months behind AI's originally planned schedule. The rest will follow a few months later. Boeing has also agreed to give the airline the option of placing orders for five more aircraft immediately after the delivery of these four. The bureaucratic delay and the recent devaluation of the rupee have increased the cost of the purchase by around Rs.600 crore to Rs.1,960 crore. At least three international banking corporations have approached Boeing with an offer of asset-based financing towards the foreign exchange component of $667.09 million.

AI enjoys an unblemished debt servicing record and its all-time high profit of Rs.81.23 crore in 1990-91 has also been reassuring, considering the global recession. While an advance payment of about $35 million will have to be made by end August, the remaining amount will be paid up in periodic instalments for which a variety of options are yet being studied. "We prefer the leasing arrangement but we are also keeping all the options open," AI's acting chairman and managing director S.R. Gupte told newsmen while signing the agreement on 14 August with Boeing representatives at the Air India headquarters in Bombay.

Boeing, on its part, has not accepted any role in terms of supplier's credit or other forms of financial assistance. "As per company policy we'd like to stay away from any direct financing," stated D.A. Keskar, director, international sales (India), Boeing Commercial Airplane Group. In fact, the last purchase of two Boeing 747 combis in November 1988 was through Citicorp.

Engine choice. The choice of engines, earlier controversially awarded to the British company Rolls Royce, is also in abeyance till 30 September. In this connection, a four-member committee has been set up under the chairmanship of V.S. Arunachalam, scientific adviser to the defence ministry and secretary, department of defence research and development. It is studying the protest about the choice of Rolls Royce by two American manufacturers, Pratt and Whitney and General Electric. The committee's report is expected by August end, and marketing men from General Electric are parked in New Delhi trying to fathom how Rolls Royce could have 'undercut' them.

The induction of the four 747s is expected to satisfy the airline's requirements till 1995. These aircraft will reduce the fleet age (22 aircraft in all — 747s, 11 Boeings, 11 Airbuses) fr years presently to about 10 years. part of AI's overall strategy to repla aircraft and augment its fleet streng

The four new 747s will be utilis the US-Canada sector. However, rising competition it is becoming in ingly difficult for the airline to fill 74 long haul flights like the Bon London route. And hence, for more ibility in passenger scheduling, post-1995 purchases will be in the n of long haul medium capacity pl These aircraft, the first of which are developed by all the three leading mercial aircraft manufacturers in world — Boeing, McDonell Douglas Airbus — seat between 230 and 270 sengers. It will then also become pos for the airline to delink Bombay and Delhi and provide direct flights.

■ DEVENDRA

POLYSTYRENE IMPORT

Pricing paradox

Polystyrene manufacturers might wish they had considered mak some other commodity plastic. A com nation of factors makes imported po styrene substantially cheaper than t produced by the two local manufactur — Polychem and Hindustan Polymer

The import duty on polystyrene used for everything from audio casse to automotive components — was per cent in 1986-87, at a time when international price was $700 per tonne. March 1987, the price shot up to $1,4 and the duty was subsequently reduced 74 per cent. In January 1990, when t price had reached about $1,100, a speci basic duty of Rs.17,500 per tonne was troduced. But barely two months lat this was slashed to Rs.1,000 per ton mainly due to lobbying from the plas processors.

Downswing in price. Soon however, t international price of polystyrene bega to fall and has now hit a low of $75 There has been no complementary rev sion of the duty structure which mean there exists an effective difference Rs.9 per kg at present between importe



lychem plant: "handicapped by an artificial and irrational duty structure"

ystyrene and that locally manufactured. The percentage of import has upped m 50.5 per cent in 1988-89 to 61.5 per nt in 1990-91. Imports are mainly from uth Korea, which has a surplus pro-ction (of roughly 150,000 tonnes). The wer units have an export commitment 50 per cent and this leads to aggressive rketing on their part. The price of lystyrene in Korea itself is 25 per cent gher than their export price.

Local manufacturers, however, are ndicapped by more than the price fac-. Says R.N. Ganjoo, marketing man-er, BASF India Ltd, which acts as an lenting agent for import of polystyrene m BASF units in Korea and Germany, ocal manufacturers are certainly in a fficult position, since they cannot com-te with foreign ones, which have newer nts with larger capacities that provide nomies of scale."

To add to the woes of manufacturers, w material prices have been rising too. e price of petrochemical inputs like nzene has gone up by 52 per cent since tober 1990. Also, benzene — which ng with ethylene is used in the manu-ture of first ethyl benzene, then sty-e, and finally polystyrene — is also in rt supply. One way out could have n to import styrene directly. But here mes the first hurdle; the duty on styrene higher than that on polystyrene. This s led to a peculiar situation where the w material is more expensive than the ished product! In effect, this means at it is still cheaper to import poly-rene than to manufacture it. There is other area where this is the case.

bstantial losses. The result of this situation is that the local manufacturers are making heavy losses. In fact, in May this year, Polychem shut down one line of production, and operated the other at minimum capacity for 28 days. And Hindustan Polymers, a divsion of McDowell & Co Ltd, has suffered an estimated loss of Rs.4.5 crore during 1990-91. According to Kirit Mehta, president of the All India Plastics Manufacturers' Association, this is due to their own inefficiency. Says he, "Even if after 30 years of existence, they are not ready to face the competition by lowering their production costs, why should we suffer?"

Says Parthiv Kilachand, project executive, Polychem, "We are not asking for protection. We are all for competition but are handicapped by an artificial and irrational duty structure." The manufacturers are, however, still hopeful that the duty structure will be revised and made more reasonable. Says S.Bedi, general manager, marketing, Hindustan Polymers, "We hope that something will be done soon, since the situation cannot continue like this for long."

Many feel that the present situation could be more or less temporary. In fact, BASF intends to put up a 65,000 tonne plant in a few years. Says Ganjoo, "The demand is expected to grow and this duty structure distortion is likely to be resolved by then." For the same reasons, Polychem itself is going ahead with its plan to add 18,000 tonnes to its capacity.

But all this is to talk of the future. For the moment however, manufacturers can only hope that the government takes a less step-motherly attitude.

■ SARAH ABRAHAM

AUDIO CASSETTES

Music, music everywhere

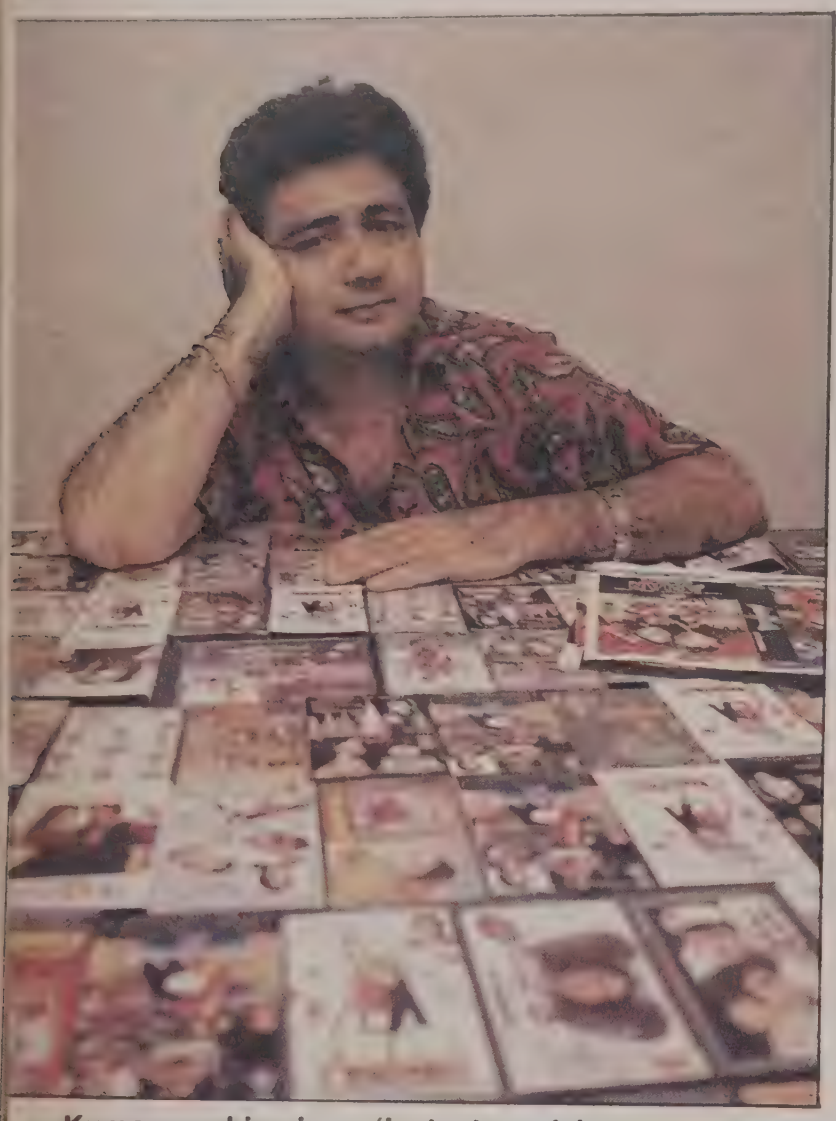
Be it cab drivers in Calcutta, street side *paanwallahs* in Bombay or *chaiwallahs* in Bihar, all of them play popular Hindi film songs at full blast on their cassette players to liven up their days. And why not? With pre-recorded audio cassettes available at as little as Rs.15 each, one can't escape the onslaught of popular strains from *Maine pyar kiya* or *Saudagar*.

Music cassette companies have never had it so good. "Last year alone, there was a near 100 per cent jump in sales," says Ganesh Jain, partner in Venus Records and Tapes. Over 90 per cent of the clientele buys pre-recorded cassettes, of which 70 per cent choose Hindi film music even in southern and eastern India.

Vast number sold. With 260 cassette manufacturers in both the organised and unorganised sectors, India is the third largest audio cassette maker in the world. A survey commissioned by the Indian Phonographic Industry revealed that a phenomenal 217 million (legal and pirated) cassettes were sold all over the country last year. Of these, nearly 22 million were sold in Bombay alone, followed by Delhi with 21 million, Calcutta with 17 million, and Bangalore and Hyderabad with 13 and 7 million respectively. Jain says, "The market has the potential to double."

The main reason behind the growing mass appeal is low cost. Not only are the tapes going for anywhere between Rs.10 and 25 each, but cassette players also are available for amounts ranging from a low Rs.400 to a few thousands. Sales have also been nudged by the ready availability of the product.

The return of appealing music to Hindi cinema, like *Qayamat se qayamat tak* and then *Maine pyar kiya* has been to a large extent responsible for the spiralling cassette sales. Today, there is a mad scramble for getting the music copyrights of expected hits. Making the most of this era of 'instant music' is Gulshan Kumar, the man behind the success of the 'T series' and 'Super' cassettes. He has recently started his own music 'bank'. The bank scouts for new music directors and singing talent whose songs are then made available to film producers. "The music for films like *Ashiqui* and *Dil hai ke*



Kumar: cashing in on 'instant music'

manta nahin were selected from this bank, which eventually turned out winners," says Kumar.

The paucity of good music in the late seventies and early eighties made the music companies turn to *bhajans*, *ghazals*, pop and classical music. However, this trend is being replaced by the more trendy musical offerings of the Hindi film industry. "Though there is a growing and dedicated clientele for classical music, it is nowhere near the mass appeal of film music," says Mehmood Curmally of the music shop, Rhythm House.

It sells itself. Film music also practically sells itself, with video, cable TV and television programmes like *Chitrahaar*, promoting them. "The impact of seeing a song picturised on TV has a stronger recall value," says Vinod Dubey, vice-president, Gramophone Records & Tapes, the parent company of the popular brand, HMV.

Today, the major impediment to growth in the otherwise buoyant market is piracy. Though piracy levels have gone down from 90 per cent in the early eighties to 40 per cent, even today, there is no effective method to control piracy. "However, we expect the copyright act to be amended by September," says Jain. This means that *bona fide* companies can at least hope to have many loopholes plugged.

Ironically, the pirates have been responsible for creating a demand for western music. For years, they had been marketing smuggled rock and pop music. So when local companies like Magnasound and Bremen — selling only western music — came on the scene, they found it easy to cater to an already established demand. In the process, other companies like Music India and CBS (now marketed under the Sony brand name) have also benefited from a market hungry for Indian and western music.

So as long as music cassettes continue to be popular, with lots of money to be made in the bargain, there will be no relief from "chartbusters" by the likes of Anuradha Paudwal or Kumar Shanu.

■ SHAMPA KAR

DIAMOND INDUSTRY

Forced to slow down



Mehta: cannot cater to growing market

The future does not appear to a well for the Indian diamond indu which accounts for 65 per cent of world market. Exports are likely to cline in the present circumstances. Du April-July, net diamond exp amounted to $802 million (Rs.1 crore), a 11 per cent increase over the responding period last year. Howe these exports were based on the previ year's acquisition of rough stone. This quisition went down by 17 per cent year with the Reserve Bank of India tiating curbs on 19 March, 1991.

Opportunities missed. The decline in port of roughs will affect exports dur the critical period prior to the p Christmas season. And the particu boom for imports in the US will another opportunity missed. There is tle doubt then that overall growth in diamond trade (worth approximat Rs.7,000 crore) will be curtailed to a le much below the three per cent decline l year.

As an ancillary to the jewellery e porters' problems, the finance ministr reluctance to permit import of gold h affected their buying power further. La year, in October, the government had d cided to make available only confiscat gold, disallowing imports. And since July this year, as per the ministry's i structions, the mint has held up shi ments of gold jewellery worth Rs.50 cro a month. The SBI scheme for supply gold was resumed on 20 August this yea but the immediate fallout h been the disruption of schedule deliveries of the entire gamut gems and jewellery.

The RBI curbs have made it di ficult for the diamond expo trade to function normally. Re ulations like the requirement an exporter's undertaking tha there are no outstandings beyon 90 days, that they enjoy 90 day of supplier's credit and that the will bring export proceeds withi 90 days, have thrown regula trade out of gear. Foreign buyer have not been able to adjust t these sudden changes.

Trade crippled. "It is unfortu nate that though the market i growing, we will not be able to of fer sufficient products to cater t it," says Kaushik Mehta, chair man, Gems & Jewellery Expor Promotion Council. "This is par ticularly annoying since diamond

orts provide 25 per cent value addi- in the three-four month processing iod." Moreover, the reduction in sight ocations and the basic policy change allowing import against REP licences e had a crippling effect on the trade. ere are 35 sight holders in India, who all finding it difficult to make sight yments under the new regulation.

The purchase of roughs from Antwerp d other open markets proves to be even re expensive. And there are reports t banks in Belgium have abruptly pped extending credit to Indian dia- nd exporters, with the confusion over settlement of dues.

The recent statement of the RBI gover- r, S. Venkitaramanan, that import mpressing measures taken by RBI can- t be continued provides a ray of hope. e Indian diamond industry is therefore pecting the RBI to act on the governor's omise.

■ DEVENDRA TAK

CHIN PORT

xorcising a host

or several years, shippers who wanted to get their cargoes loaded fast at chin Port have been seeking a ghost's p. This strange ally appears invisible to ignorant eye, but Cochin's stevedores d dockers know its presence only too ll — by the rustle of currency notes sur- titiously changing hands.

This is no spooky apparition but the notorious 'ghost money' or 'speed money' — the extra payment that has to be doled out to dock labour gangs to get work done fast — particularly for stuffing and destuffing containers. Not everyone defines the concept in such polite terms. According to K.A. Varghese, president of the South Western India Shippers Association, "In plain terms, ghost money is an extortionate monetary payment which workers successfully wrest from shippers and shipowners under covert disruptive tactics calculated to delay cargo operations."

Official fiat. But from 1 August onwards, the Cochin Port Trust authorities, in an attempt to hound out the ghost, has banned the practice by an official fiat. Predictably, cargo handling operations have slowed down as dockers stick uncompromisingly and strictly to the old work norms. These were fixed way back in 1962 and do not reflect the needs of current container cargo operations, say shippers. According to these dated norms, one gang of 12 dockers need handle only 32 tonnes of reefer cargo (equivalent to two containers) or 44 tonnes of general cargo (four containers). With payment of ghost money — sometimes up to Rs.6,000 extra per gang, according to some stevedores — output would often double or even, in the case of general cargo, treble.

But with no additional incentive to strain their muscles, Cochin's dockers have decided to sweat less. From the usual level of 8 to 12 containers per gang per shift, productivity has now dropped to two containers. As a result, the export of some commodities like cashew is being shifted to the nearby port of Tuticorin.

Cochin Port Trust chairman G. Krishnan has sent out stern warnings: stevedores paying 'ghost money' will lose their licences and steamer agents will be denied permission for their ships to enter the port. But beyond appearing tough, there is little the port authorities can do.

Wrong timing. Some shippers fault the Cochin Port Trust's timing in stopping ghost money. In the wake of the devaluation of the rupee, exporters had geared up to ship out more of their commodities, especially marine products whose season peaks soon. Thus there could not have been a worse time to try to put an end to this menace, assert some disgruntled exporters.

Yet, there are firm voices to be heard. Says C. Cherian, president of the Seafood Exporters Association of India: "No surgery is possible without the oozing of some blood. True, there will be some difficulty for exporters, but they should bear it in order to stop this practice once and for all."

■ K.G. KUMAR



100 PER CENT EOUs

Fighting to consolidate

Since the government allowed the setting up of 100 per cent export-oriented units in the early eighties, plenty of confusion has surrounded its implementation. Even the newly announced trade policies have not clarified matters, in spite of the commerce minister attempting to offer a new package for EOUs. The confederation of 100 per cent export units, while welcoming the reliefs in the new trade policy, has appealed to the Union government to simplify the procedures with respect to export-oriented units, and Export Processing Zones/ Trade Zones.

Lacuna perceived. R. Veeramani, vice-president (southern region) of the confederation, points out the lacuna in the new package. For instance, he says that all procedures relating to EOUs should be grouped under one ministry in an effort to implement the single-window philosophy. At present, not only the commerce ministry but the ministries of industry and finance as well are involved in procedures relating to EOUs. This causes tremendous communication gaps between

authorities in different departments and inordinate delays are created in the implementation and operation of units.

Says Veeramani, "EOUs are fighting for an increasing share in the competitive environment of the world market. Hence, it is imperative to revise certain irksome customs procedures." For instance, he points out, the assessment of capital goods imports takes a long time though these goods are not liable for duty. The EOUs are permitted to sell a certain percentage of their production in the domestic tariff area (DTA). Right now, this is a near impossible task which involves a whole lot of permissions and clearances.

The other major problem faced by EOUs is the disposal of scrap. Scrap from several EOUs is piling up inside the units. Apart from customs duties, auxiliary and excise duties are also levied on scrap, when it is sought to be disposed of in the DTA. Says Romi Dhall, all India secretary general of the confederation, "It is ridiculous to levy customs duty on scrap, which is primarily from indigenous materials. Unless the customs duty on scrap is removed, EOUs will not be able to find buyers for their scrap because their price is far higher than the scrap disposed of by the DTA units." The price difference is nearly 50 per cent.



EOUs: gearing to compete in the world market

Need to expedite. To expedite the working of the 100 per cent export-oriented projects, the confederation has asked the Union government to specify which financial institutions the promoters should approach to apply for loans. "Every time we approach a financial institution for a loan we are turned down as this involves foreign exchange. Even Exim bank and IFCI try to pass the buck. Because of this, though 1,500 units have been licensed by the commerce ministry, only 200 units are functioning in this sector," says Dhall.

Though the Union government has liberalised licensing and broadbanding in the general industrial policy, the EOU/EPZ units are still shackled by narrow licensing terms. They have to apply for a fresh licence every time they want to alter the product mix in response to changes in market conditions. Says Veeramani, "Even a small variation in our product has to get the approval from the government. The replacement of machinery involves the same amount of bureaucratic procedures as in the case of original machinery import. If we have to really take on the world market, replacement imports should be brought under automatic approval procedures."

Dhall also wants certain facilities — exemption from power cut, sales tax and octroi and also declaration as an essential service for purposes of solving industrial disputes — granted to EPZ units by state governments, extended to 100 per cent EOUs as well.

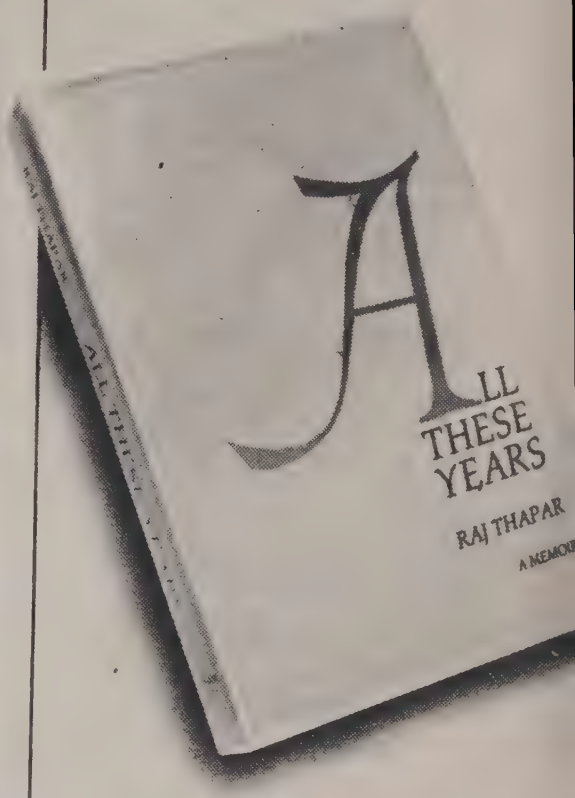
Veeramani has urged the government to extend the right to deal in Exim Scrips granted to EOU and EPZ units under the new policy should be effective 3 July, 1991, as in the case of other industries. The confederation believes that unless these hassles are sorted, the EOUs may never take off in spite of liberalisation.

■ A. S. PANNEERSELVAN

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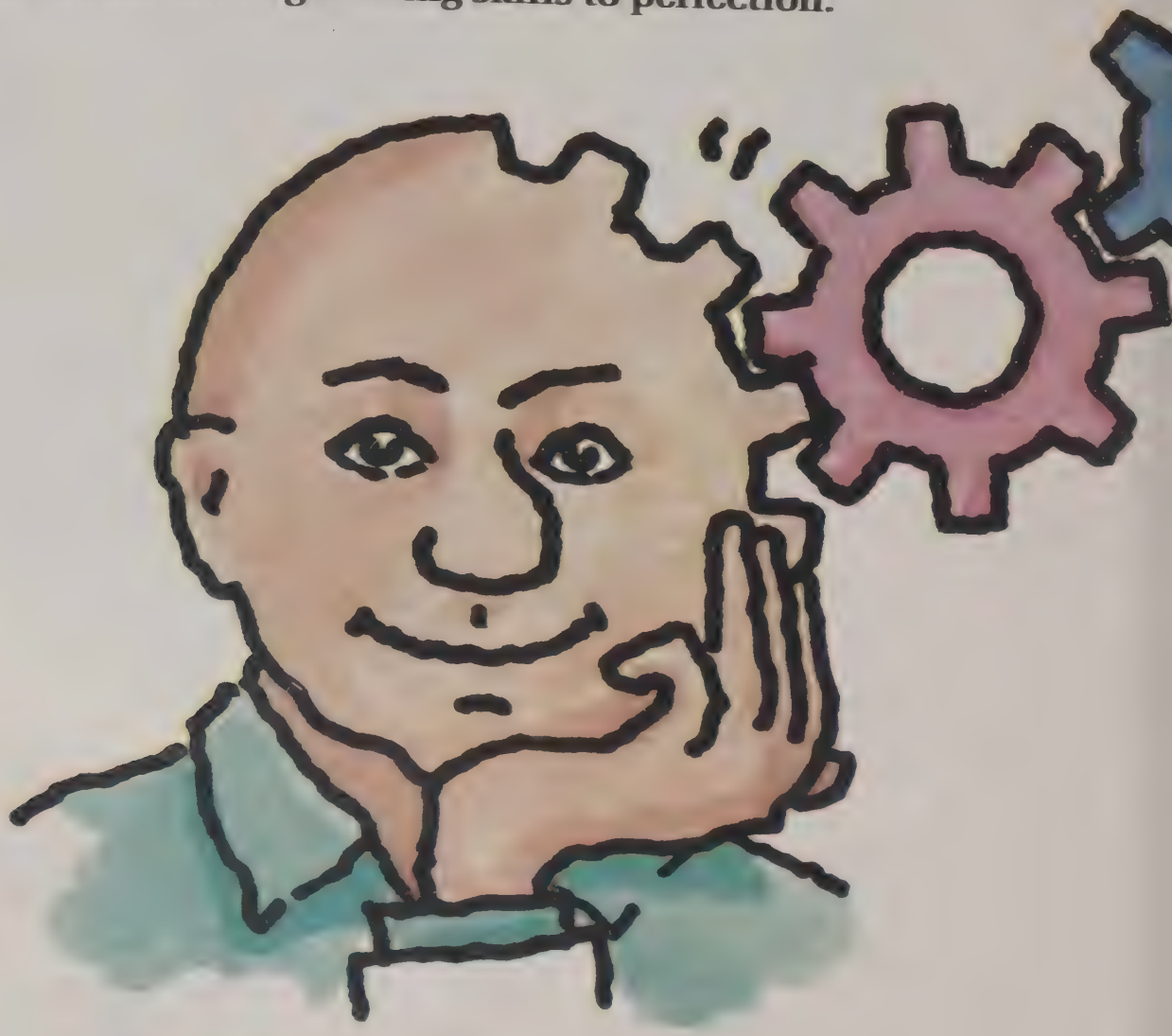
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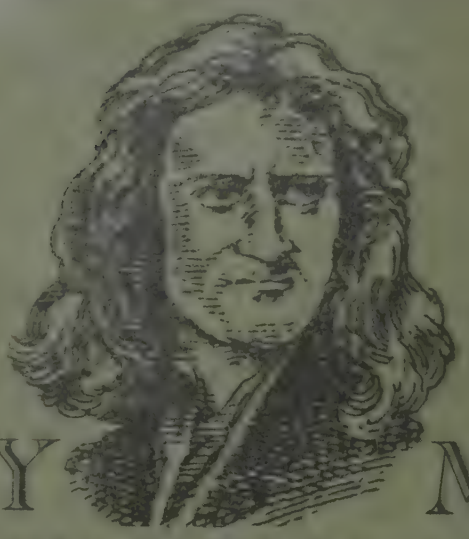
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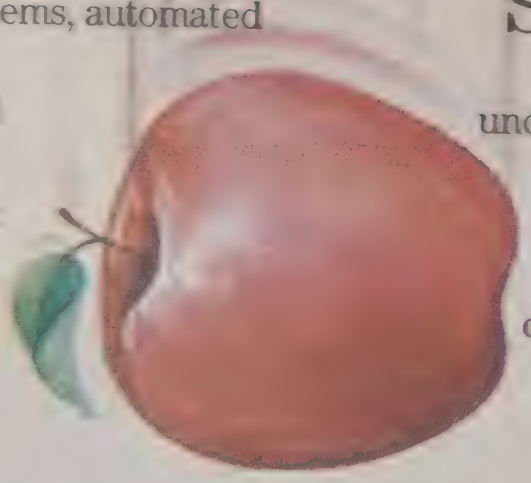


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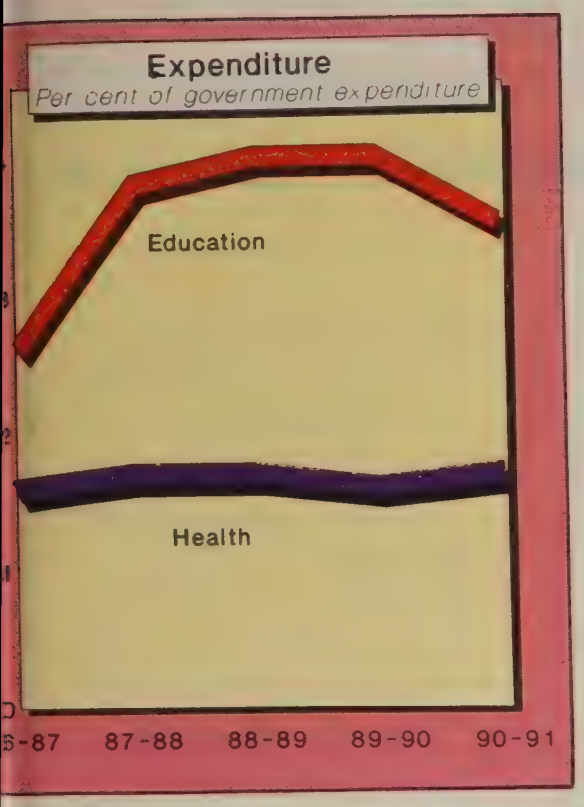


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For growth with equity



In recent years, it is being increasingly realised that human development is the key to economic development. In 1890, the classical economist Alfred Marshall wrote that "health and strength, physical, mental and moral ... are the basis of industrial wealth; while conversely the chief importance of material wealth lies in the fact that wisely used, it increases the health and strength, physical, mental and moral of the human race." The historical development of some nations is testimony to this statement.

In India, alleviation of poverty has been the central objective of development planning. Various programmes focusing on the poor have been in operation for the last two decades. The result is that the incidence of absolute poverty has declined over the last two decades. This is borne out by the fact that while around 52 per cent of the total population lived below the poverty line in 1972-73, this has now declined to around 30 per cent.

Generally, health and education are the two broad parameters of human resources development. Better diet, housing and proper medical facilities have raised the quality of life everywhere. In India the life expectancy at birth which was only 32 years in 1951 is estimated to have increased to 59 years now. But this is still far below the world average of 65 years. Also, the low income economies have an average life expectancy at birth of 62 years as against 76 years for high income economies.

High infant mortality

But despite the progress made in India, infant mortality is still 91 per thousand live births. In middle income countries, it is around 60 and in high income countries, as low as 10 per thousand. Due to better health facilities, the death rate has declined from over 27 per thousand people in 1951 to 9.4 in 1991.

India is a signatory to the Alma Ata declaration of 1978 and is committed to the goal of "Health for All" by the year 2000. In order to take health care and family welfare services to the doorstep of the poor, an integrated health care delivery system has been developed and is being implemented. Progress on this front has been slow. Expenditure on health and family welfare has generally been on the low side and during the Sixth Plan period, total outlay was only 2.9 per cent of total government expenditure. During the Seventh Plan period this increased to 3 per cent. Considering that the incidence of leprosy, tuberculosis and blindness in India is among the highest in the world, the effort made in this direction is not adequate.

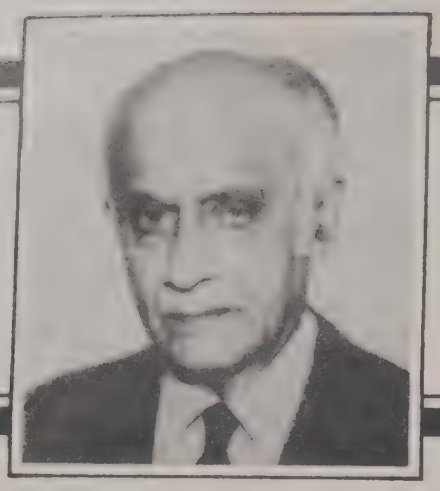
It is now common knowledge that improving people's ability to acquire and use information strengthens their ability to meet their wants and those of their family by increasing their productivity. In the Indian context, though universalisation of elementary education has been an avowed goal for some time now, progress has been tardy. In the case of primary education, though gross enrolment of 6 to 11 age group increased from 43.1 per cent in 1950-51 to 99.6 per cent in 1989-90, the drop-out rate is high and the retention rate among female children is low.

Elusive goal

By the government's own admission, universal elementary education is still an elusive goal. Expenditure is still skewed in favour of secondary and higher education. And the Education Commission's recommendation that by 1985-86 the country as a whole would be spending six per cent of GNP on education remains only a pipe dream. The reality is that total expenditure on education as a per cent of total government expenditure is only around 3.5 per cent. The result is that about half the population aged seven years and above is still illiterate.

Clearly health and education are both critical in India's socio-economic strategy for growth with equity. Greater resources and more imaginative programmes are now called for.

■ ASPI CONTRACTOR



Speech by the Chairman Mr. Mantosh Sondhi at the Company's Fifth Annual General Meeting held in Bombay on August 28, 1991.

Ladies & Gentlemen

I have great pleasure in welcoming you to the 5th AGM of your Company. This is the first time the meeting is being held in Bombay, following the change in the registered office of the Company to Bombay. As the Company's Head Office is located here, this shift has advantages both in economy and in administration.

The report and accounts of your Company, including the notice to the shareholders, have been in your hands for some time and, with your permission, I shall take them as read. I am pleased to report on behalf of the Board that your Company has achieved excellent results during the year ended March 31, 1991, the first full year of production. Your Company maintained a dominant market presence in its field of captive power generation, added substantially to its list of satisfied customers and pursued its declared goals of achieving Excellence through Teamwork and Total Quality Management.

In the period under review, your Company earned a net profit of Rs. 3.32 crore on an income of Rs. 51.75 crore. This is indeed a creditable performance for a Company in its nascence. The success of this is due, in large measure, to the state-of-the-art technology of the globally popular Vasa 32 engine, which your Company makes in Khopoli. The satisfactory experience of Indian industry using this economic and reliable heavy fuel engine for continuous base load applications has proved to be a very good reference.

The prestigious orders secured by your Company for turnkey power plant deliveries are under execution; these plants will be commissioned during the year adding further to our credibility.

Revitalising the Economy

In a rapidly changing, fiercely competitive, turbulent environment, companies and nations need to change if they are to remain ahead. The environment has always been changing over the decades, but recent market-driven changes in the USSR and Eastern Europe have been historic. The emergence of a united Europe in January 1993 has set the scene for sweeping changes within the EC countries, and companies the world over are gearing themselves for the challenge.

India too has been witness to sweeping social, political and fiscal changes these past two years. It is true that large organisms are prone to change slowly, especially if they - like India - follow a democratic process in a pluralistic system. The recent elections to the tenth Lok Sabha have yet again restored the country's faith in the democratic process. After months of chaos, and absence of an effective Government, there is a reassuring feeling of governance. For the sake of national interest, I hope this feeling lasts.

The recent announcement of radical trade reforms and the bold industrial policy seek to release Indian industry from the shackles of regulations and licences, cut wasteful expenditure, halt the sharp fiscal decline and move India towards a market-driven free economy whilst retaining the presence of the public sector in key and strategic areas. It is recognised that India has been living beyond her means, and any macro-economic structural re-design of our high-cost economy driven by controls and shortages must necessarily provide for shedding flab and curtailing wastage of public resources.

It is to India's credit that her people have delivered their best in times of crises. It is creditable too on the part of the new Government to attempt to convert crisis into opportunity. What needs to be remembered, however, is that the process of correction will take time, and that our path to recovery will entail sacrifices, determination and tough options. Fortunately, a good start has already been made in this direction and some bold, imaginative and irreversible policy decisions taken. Nobody could have visualised these even six months ago.

The Power Scenario

Experts forecast that infrastructure is going to be the major hurdle in India's economic revival, and that the power sector faces its worst crisis yet. Notwithstanding substantial outlays of 19% of total outlay for addition to installed power capacity in the Seventh Plan, the physical performance of the power sector has been dismal on account of poor management of State Electricity Boards, mounting transmission and distribution losses, and unsatisfactory Plant Load Factor.

As power constitutes the basic essential input for rapid economic development, strident action is called for to ensure speedy completion of on-going power projects, and a thorough overhaul of the present system including improvement in PLF, reduction of T&D losses and reforming the SEBs. What is most gratifying is that the new government has set the ball rolling to bring about changes in that archaic piece of legislation - the Electricity Act of 1948. Changes however take time. In the short and medium term, therefore, industrial and economic growth will be heavily dependent on adoption of short-gestation solutions such as captive power.

It has been proved that Captive power DG sets using heavy fuel are a viable alternative as they operate at lower running costs, and deliver better quality of power than most grid supplies. They are more reliable too.

Gas Diesel Engines

Wartsila Diesel Research & Development has been in the forefront of modern diesel engine advancement. Their technological superiority, expertise and experience as a global player has led to their success in the field of captive power plants using a variety of fuels. Today, Wartsila Diesel is able to provide creative solutions for diesel power generation with fuels ranging from LSHS to natural gas. They were also instrumental in the development of highly efficient cogeneration plants and ecologically sound exhaust systems.

The Wartsila Diesel Group has been developing a new generation of environment - friendly, natural gas burning engines for several years. The first three commercial installations in USA and in Finland were started up in 1990. The gas-diesel concept is based on high-pressure injection and gas combustion in a dual-fuel engine.

Your Company has commenced marketing the concept of dual-fuel gas-diesel engines in India. It is unfortunate that India's vast gas resources are not being utilised gainfully, and it is indeed a pity that in an energy-starved market, natural gas is being uselessly flared. It is hoped that issues related to gas pricing and transportation will soon find acceptance between the Centre and State Governments, and that this valuable source of energy will be put to productive use quickly.

Indigenisation

In the short period since commencement of production, your Company has already achieved an indigenous content of over 60% in the manufacture of DG Sets for captive power production. This has been possible through untiring efforts in vendor development combined with the active support from the collaborators in the transfer of this high technology. In the light of the balance of payment position, these efforts have been further intensified to accelerate vendor development in order to achieve a higher indigenous content.

The high quality standards of complex components are exacting, and your Company is engaged in the continual evaluation of viable options that will ensure a judicious balance between in-house manufacture and quality-controlled vended products. Simultaneously, the indigenous development of high-cost spares is a high priority area that will in time help effect large savings in foreign exchange outflow. I take this opportunity to thank our collaborators and our vendors for their support and positive response.

Exports

A beginning was made on the export front in the form of an order from your Company's collaborators for machined castings to Wartsila Diesel Oy, Finland. This encouragement is expected to be a small beginning for further exports as your Company's progressive indigenisation efforts gain ground.

Being a part of the Wartsila Diesel global network, your Company has also earned small sums of precious foreign exchange through providing technical services for the maintenance of Wartsila diesel engines overseas, and through training overseas engineers at the Technology School in Khopoli.

Component and Services exports has been identified as a Key Result Area that holds promise for your Company in the years ahead.

Total Quality Management

Total Quality is a dynamic process involving all levels in an organisation, and is aimed at improving the overall competitiveness of the Company in effectively meeting its objectives of ultimate customer satisfaction. Your Company has embarked on the Total Quality Management programme with the declared objective of obtaining ISO 9000 certification, the internationally recognised standard of system quality.

The liberalisation of the Indian economy imposes a greater responsibility on industry to expand its technology base, improve its product quality and develop corporate attitudes that will project India as a major player in the global market. To achieve this status, and attain international competitiveness, product quality, system quality and organisational quality would need to undergo a sea-change. Only four Indian companies have so far obtained ISO 9000 certification. Thanks to the promotional efforts of the Confederation of Engineering Industries, many more companies expect to shortly join this select band, thereby securing for themselves the prequalification for exports to the European Community. Your Company is one among these.

Training

The operation of large captive diesel generating sets is a highly technical function requiring specialised know-how in timely preventive maintenance and overhauling procedures. As equipment and related systems become increasingly complex and sophisticated, technical know-how assumes greater importance. Effective training in all facets of power plant operation is thus seen as an operational necessity and this is what ultimately determines the reliability and economy of captive generation. Such training is essential both for the power plant suppliers as well as for the users.

To fulfil the need for continuous training in the wake of advancements in technology and improved work methods in the operation, maintenance and management of power plants, your Company had decided to set up a centre for high-tech training. The Wartsila Diesel Technology School was inaugurated at Khopoli on April 4, 1991 by Mr. G Ehrnrooth, Chairman of Wartsila Diesel International Ltd. The School has commenced training programmes for customers and for the Company's own engineers and operatives in a wide variety of topics ranging from diesel engine basics to power plant operation, management and performance evaluation, using modern training aids and utilising the locational advantage of the School for practical hands-on training.

Human Resource Management

It is well established that people are the key to managing complex strategies and organisations. This is truly apt in the case of your Company. It is the commitment and teamwork of the Company's 210 dedicated personnel that has contributed to your Company's excellent results.

The conscious involvement of all employees in participative management continued to be a focal area of the Company's Management Development Programmes during the year, both in functional and cross-functional disciplines. Human Resource Development will continue to receive the attention it richly deserves.

Collaborators

Your Company's collaborators Wartsila Diesel maintained their position as market leaders in medium speed diesel engines. Their sales in 1990-91 were 39% higher than in the previous year. In the field of land based diesel power plants over 1MW, the Wartsila Diesel Group enjoys an impressive 20% share of the global market. With an order backlog 30% higher than in the previous year, and with a streamlined sales and service global network, performance in 1991-92 is expected to show a further improvement despite global recession and stiffening competition.

India is an important market in the Wartsila Diesel Global network, accounting for 15% of Wartsila Diesel Power Plant deliveries world wide. The matrix structure of the global network encourages continual horizontal communication within and across functional areas for instant flow of technological updates, while also permitting easy access to specialist support in project engineering and service troubleshooting.

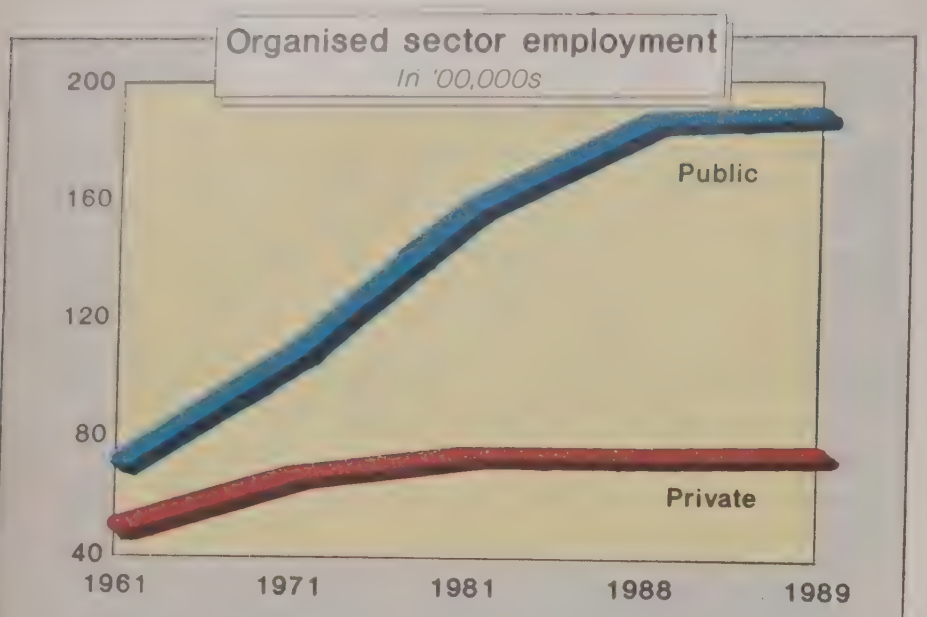
Outlook and Prospects

The demand for your Company's product is large and the potential for growth in the medium term is immense. I am happy to state that in the short period since inception, the Company's pro-active approach has made an impact on the market. The prudence of Total Quality Management and Service Excellence in achieving customer satisfaction will continue to ensure your Company's dominant market position. The superior product techology, its adaption to Indian operating conditions and the proven capability in heavy fuel operation for continuous base load process industry applications will provide your Company its competitive edge of being a reliable supplier of economic captive power. The introduction of the Gas Diesel Engine will further strengthen its position in the Indian market.

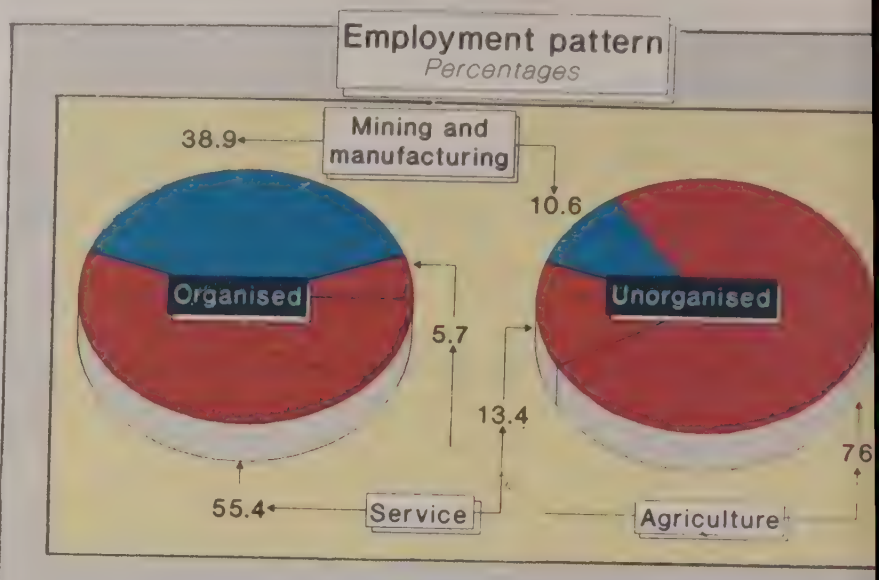
In the short run the credit squeeze, the high interest rates and the tight money market conditions will increase operating costs, depress margins and slow down industrial growth. Given our nation's market size, diversity, the industrial and economic growth achieved in the past few years, the technical and managerial talent and the country's resilience to overcome obstacles, the present economic despair is but a passing phase. As I have already said the macro-economic structural reforms undertaken by the Government to combat the fiscal crisis will undoubtedly revive industrial and economic growth and I feel confident that the medium and long term prospects for your Company are extremely favourable.

This does not purport to be a report of the proceedings of the 5th Annual General Meeting.

Economic Indices



The public sector accounts for 71 per cent of organised employment. Growth in employment has been faster in the public sector and in the last decade annual rate of increase averaged 2.1 per cent per annum as against 0.3 per cent by the private sector. The organised sector only accounts for 10 per cent of total employment.



The unorganised sector accounts for 90 per cent of total employment in the country of which 76 per cent is in agriculture. In the organised sector, services such as transport, communication, trade and commerce account for nearly 55 per cent of employment.

Money and banking (Scheduled commercial banks): Broad money (M3) was up 13.08 per cent during the year to 26 July 1991, as against 17.1 per cent in the corresponding period of the previous year. In the same period bank credit was down from 18 to 11.25 per cent.

	26 Jly '91	28 Jun '91	27 Jly '90	% change over Month	Year
Broad money(M3)	2,77,989	2,77,413	2,41,616	0.20	13.08
Aggregate deposits	2,01,822	1,98,753	1,75,175	1.52	13.20
Bank credit	1,17,415	1,17,552	1,04,202	0.11	11.25
Food credit	4,863	5,316	3,883	–9.31	20.15
Credit/Deposit ratio	58.15	59.14	59.48		

Consumer price index: The consumer price index for industrial workers was up by 2.39 per cent during June 1991, as against one per cent in June last year.

	Jun '91	May '91	Jun '90	% change over Month	Year
Industrial Workers (1982 = 100)	209	204	185	2.39	11.48
Urban non manual workers (1984-85 = 100)	170*	169	151	0.58	11.17

** April*

Bullion prices and stockmarket index: There has been a sharp increase in the price of gold (up 6.3 per cent) during the month to 23rd August 1991. On the other hand that of silver has declined by 1.23 per cent. The Bombay Stock Exchange Sensitive Index soared past the 1800 mark on active bull support.

	23 Aug '91	22 Jly '91	23 Aug '90	% change over Month	Year
Gold (Bombay)	4,300	4,029	3,430	6.30	20.23
Silver (Bombay)	6,819	6,903	6,897	–1.23	–1.14
BSE index	1,802.81	1,419.31	1,151.3	26.99	56.55

(The price of gold is in rupees per 10 gms and that of silver in rupees per kg)

Wholesale price index: The wholesale price index of all commodities was up by a hefty 2.7 per cent during the month to 27 July 199 On a year-on-year basis the WPI was up 12.29 per cent. Primary articles was up 15.6 per cent mainly because of steep increases in t prices of fibres (45.3 per cent) and oilseeds (18.0 per cent). In manufactured products, there has been a steep increase in the price fertilisers (37.4 per cent) as a result of a sharp fall in fertilis subsidy.

(1980-81 = 10

	27 Jly '91	29 Jun '91	28 Jly '90	% change ov Month	Yea
All commodities	201.9	196.4	179.8	2.72	12.2
Primary articles	211.2	204.4	182.7	3.21	15.5
Manufactured products	197.6	193.2	180.6	2.22	9.4

Industrial production & infrastructure: The index of industrial production declined from 277.1 in March 1991 to 199 in April this year thereby recording a sharp fall of 28 per cent in a month. But on a year-on-year basis IPI for the manufacturing sector was down one per cent. Crude oil production continued to decline in June 1991. However, steel production was up 8.9 per cent in July 1991.

	Latest month	Previous month	Year ago	% change ove Month	Yea
Industrial production index	199(4)	277.1	197.3	–28.15	0.9
Railway freight (million tonnes)	28.76(12)	26.75	25.96	7.51	10.58
Crude oil production (1,000 tonnes)	2,619(6)	2,734	2,781	–4.20	–5.82
Coal production (100,000 tonnes/day)	5.20(6)	5.12	5.70	1.56	–0.87
Steel production (1,000 tonnes)	795(7)	730	746	8.9	6.56
Cement production (1,000 tonnes)	4050(7)	4,155	3,882	2.52	4.32

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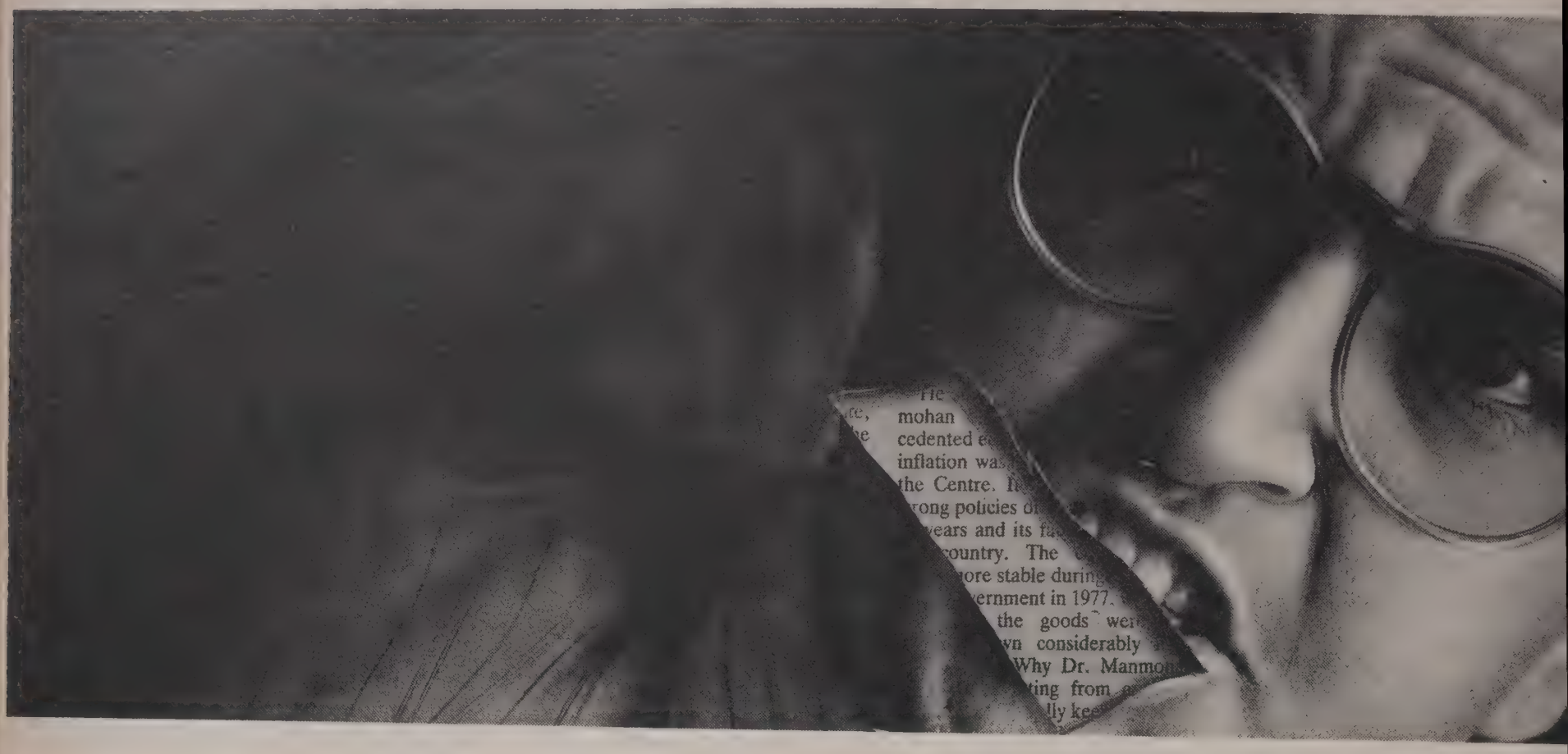
Please send: ☐ A special rate invitation card ☐ A BATIMAT brochure
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GROUPE BLENHEIM

B1

Graphisads/2084

Presenting the Godrej 930X Printer



And a censored version of the market reactions.

What was the hurry?
The printers currently in use are quite adequate. And if [redacted] computers aren't complaining, what was the tearing hurry to bombard the market with this top-of-the-line 300 cps whiz-kid? [redacted] Preposterous!

User-friendliness? Or... seduction?
All operations of the Godrej 930X Printer, it seems, are possible through a finger-tip front panel control. And it's so designed, even a [redacted] novice can make full use of all the built-in [redacted] capabilities. This is not user-friendliness; it's [redacted] downright seduction!

Paper handling? Looks like black magic!
Both bottom feed and rear feed are possible with the [redacted] 930X, and so is cut-sheet feeding without having to take the continuous stationery out of the tractor. Feeding of paper and removal of paper is at the touch of a button! Now if this isn't [redacted] uncanny, what is?

Godrej & Boyce Mfg. Co. Ltd., Regd Office/Marketing Dept. (Computer Peripherals), Plant 16, Pirojshanagar, Vikhroli, Bombay 400 079. Tel: 5171166/77 Tlx: 011-71502 GOVK. **Branches: Bombay** (North) Tel: 5170451/1455. **Pune** Tel: 668968. **Ahmedabad** Tel: 831545. **Rajkot** Tel: 24919. **Bhopal** Tel: 554076. **Indore** Tel: 23663. **Jabalpur** Tel: 27321. **Delhi** Tel: 6845002/6845007. **Chandigarh** Tel:

ncredible hold over time nd distance!

"he news is that the 930X perates non-stop for days ogether without a witch-off! And it's a ong-distance runner with a igh printhead life of over 500 nillion strokes! But who needs hat kind of printing rowess, except perhaps a printing press!

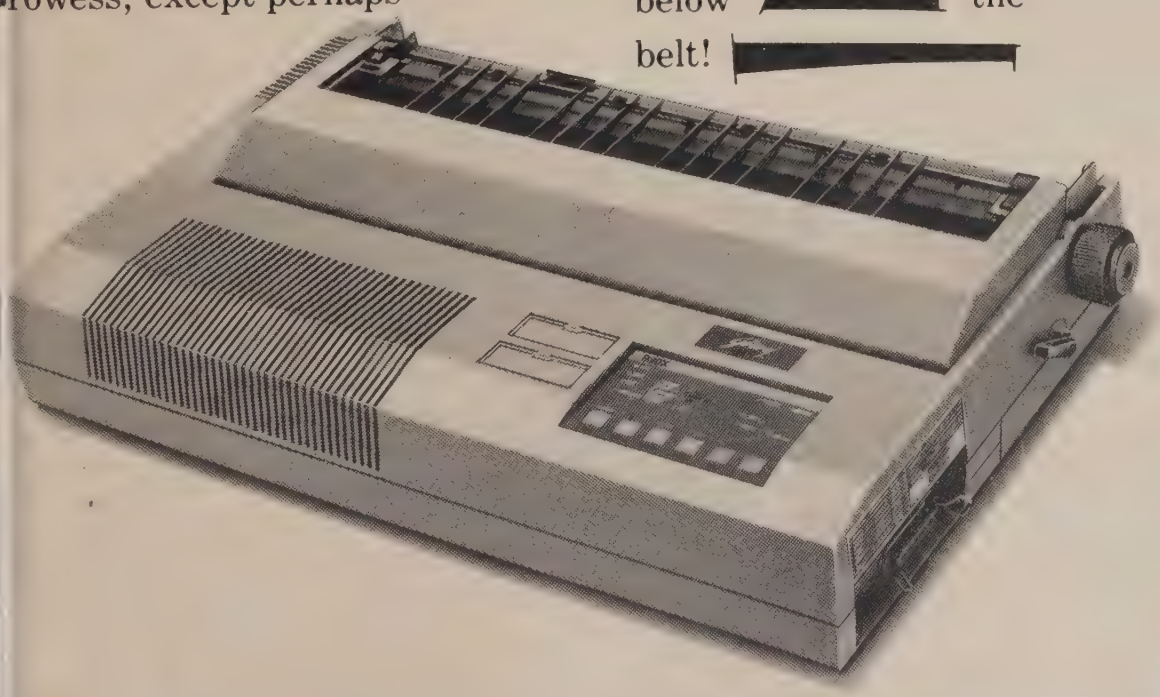
The unfair advantage of font cards!

The 930X offers a variety of standard fonts. Moreover there's a slot near the front panel which eagerly takes on a font card besides the standard ones. Now that's hitting other printers below the belt!

Compatibility? It looks like conspiracy!

The 930X is available with IBM and EPSON ESC/P Emulations. Plus, it offers the unique option of an EMULATION card which makes it compatible with a host of other systems. Now isn't that taking compatibility a bit too far?

Well, now that you've heard the printable excerpts of the market reactions, it's time to contact your nearest Godrej Dealer for a live demo.Without fear, prejudice, or obligation.



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The Thapar Group

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ctful move

nce secretary S.P. Shukla's fall from e is now complete, it would seem. n the most powerful position in the an bureaucracy, Shukla will now be a's executive director at the Asian elopment Bank at Manila. Never be- has a finance secretary been sent to ADB. Their postings are usually in West, to the International Monetary d or the World Bank when they have e moved out of North Block (as the Singh government did with the for- finance secretary Gopi Arora).

ukla's appointment to the ADB is inly a plunge from the pinnacle of ureaucracy. The previous executive torship to the ADB was held by reve- secretary, D. Bandhopadya, a post idered a notch below that of the fi- ce secretary. Worse still, Bandho- a's predecessor was only an addi- al secretary in the finance ministry!

dvantage GOs

etted officers of the Central govern- t blessed with the powers of attesting uments are putting this privilege to d use — in fact, they function more as stors and less as government em- ees. Outside Delhi's courts sit several ese gazetted government employees, icipants in a flourishing business of sting various documents, all at a fee s.10 for every document. Whoever the government was short on rprise.

abus vs brains



Is bureaucracy the destination of the country's most educated men and women? If it is, then the fact that the state's contribution to the list of candidates selected for the civil services has n progressively declining is worrying members of the West Bengal assem- Quite clearly it must be concluded this fact points to a continuous dete- ation of the state's education system. issue even caused a shouting match in West Bengal assembly last fortnight.

The states's education minister, however, indicated, the opposite he declared that West Bengal's declining contribution to the country's civil services was, in fact, an indicator of the improving quality of both the education system as well as the intellectual levels of the state's young women and men. Our men and women, he pointed out, in their greater wisdom, prefer higher scholarliness, studying for a doctorate or involving themselves in social development by working as teachers in schools and colleges.

Tricky gimmick

Commerce minister P. Chidambaram is envious of the trade leverage that his counterpart in China enjoys with the US. The country, at present, enjoys a large trade surplus with the US and is pushing hard to obtain the most favoured nation (MFN) trade status with that country. But the US has refused to relent, apparently because a lobby of senators strongly opposes China.

The Chinese government has recently despatched a trade delegation to the US to identify, first, the constituency of each of those senators and then, to place large export orders with firms located in each of those constituencies. That is quite clearly a situation which Chidambaram will never find himself in.

Unexpected relief

The failure of the coup in the Soviet Union has thrown up a series of varied reactions. And, not all of them have expressed dismay. For finance minister Manmohan Singh and the Congress party the coup has brought relief in another unexpected way. Their assurance of rolling back several prices after they assumed power seems, now, to hold some promise. The commerce ministry anticipates that the major political changes in Moscow will dislocate Indo-USSR trade in good measure.

For many, as well as for the country's substantial tea trade, that will be a damper. A large part of the country's tea exports destined for the Soviet Union, will now remain in the Indian market. Inevitably, this will trigger a slump in domestic prices of tea, a commodity the price of which the Congress manifesto had promised to roll back. Some relief for Manmohan Singh whose initial statement that prices cannot be brought down had run him into rough weather in the Congress party.

Three-day wonder



Even more than the Union government which seems to have fouled up at every stage, it was the CPM that was caught with the egg on its face while reacting to the destabilised coup in Moscow. There was a general air of jubilation at the party's office on Ashoka Road on the two days that the hardliners struck out at the Kremlin. Politburo member Harkishan Singh Surjeet was quick to hail Gorbachev's ouster as a "positive development", and that "those who believed in the gains of the October revolution could not step aside to allow Gorbachev to sign the union treaty. It would go against the express wish of the people of that country". But the "people" seem to have suddenly changed their minds. And with the CPSU dead, the CPM will have to look elsewhere both for jubilation and inspiration.

Too much to do

Union minister for civil aviation, Madhavrao Scindia, has a knack for getting involved in controversies, even when he is not lashing out against the BJP. An ardent fan and patron of cricket, he is also president of the Board of Control for Cricket in India (BCCI). But his ministerial reponsibilities are interfering with his work for the BCCI. For example, since he was being sworn in as a minister in Delhi, Scindia could not attend the all-important meeting of the International Cricket Council in London held on 8, 9 and 10 July to decide the readmission of South Africa into international cricket. Similarly, the BCCI special general meeting and the working committee meeting, scheduled for 17 and 18 August, had to be postponed, since the minister had to rush to Imphal following an air crash. All of this prompted one observer to ask, "If a politician cannot find the time to promote sports, shouldn't he just stay away?"

FOREIGN INVESTORS

The second c

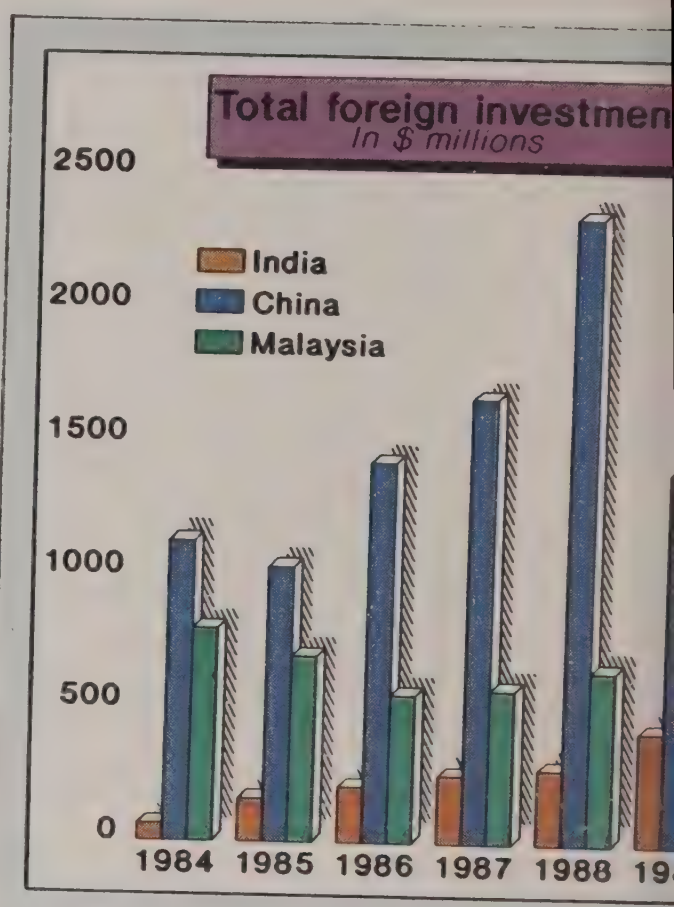
Whether the government's attempts to woo foreign investments stem fr genuine conviction about the benefits involved or pressure from the IMF is unclear, but the policy appears halfhearted and could fail to be powerful enough to lure foreign investment

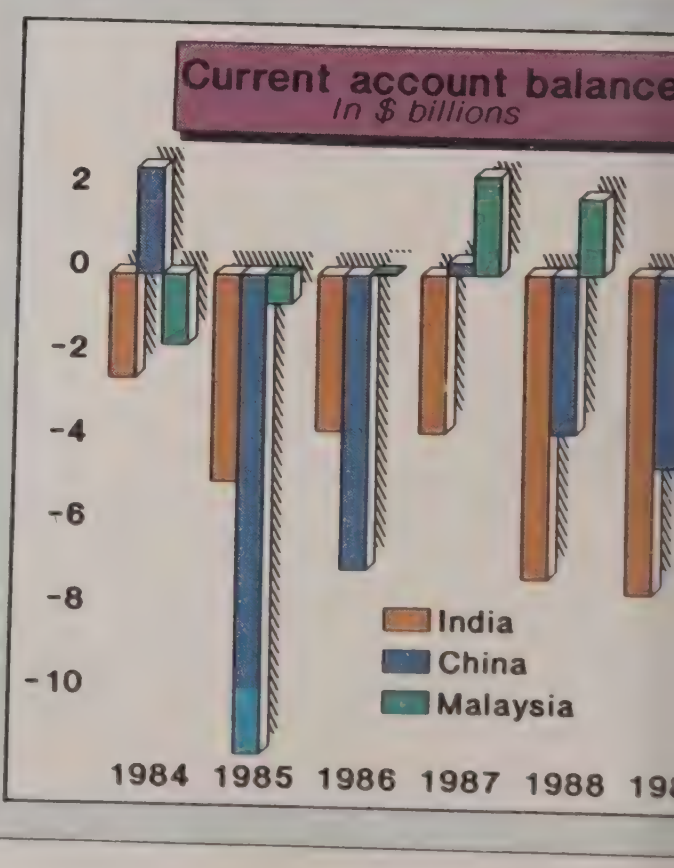
The coup that failed to overthrow Gorbachev symbolises the real end of the twentieth century, just as the First World War marked the real end of the nineteenth century. Gone with it is the belief that big governments are better, which is replaced by the reluctant acceptance of the fact that there are few alternatives to a market economy and integration at the global level. And India's new industrial policy is a belated and hesitant recognition of this reality.

In a single stroke, the Narasimha Rao government has attempted to alter the framework of the Indian economy, change long-held beliefs and attitudes, and cut down bureaucratic controls, for long considered responsible for the tardy development of the country. Important among these landmark policy changes is the whole slew of concessions to foreign investors, finally recognising the role foreign investment could play in future economic growth.

The burgeoning trade gap explains the government's urgent need to secure foreign investment. The focus has shifted to manufactured goods, which requires the import of technology to be competitive. And that requires a lot of money, in foreign exchange. And today, foreign investment seems the logical way out. "Foreign investment, which must perform before it can earn a return, is a more rational source for external finance, and the preferred way of getting technology," says Kalyan Bannerjee, chairman and managing director of Export and Import Bank.

But, what does not emerge from finance minister Manmohan Singh's announcements, and is probably impossible to ascertain, is the reasons for the concessions to foreign investments. Were they made as a result of a heart-felt belief in the benefits of such investments or were they prompted by the IMF and the World Bank? Allegations of a sell-out by the opposition aside, the policy suggests that reservations still persist about the possible negative effects of such

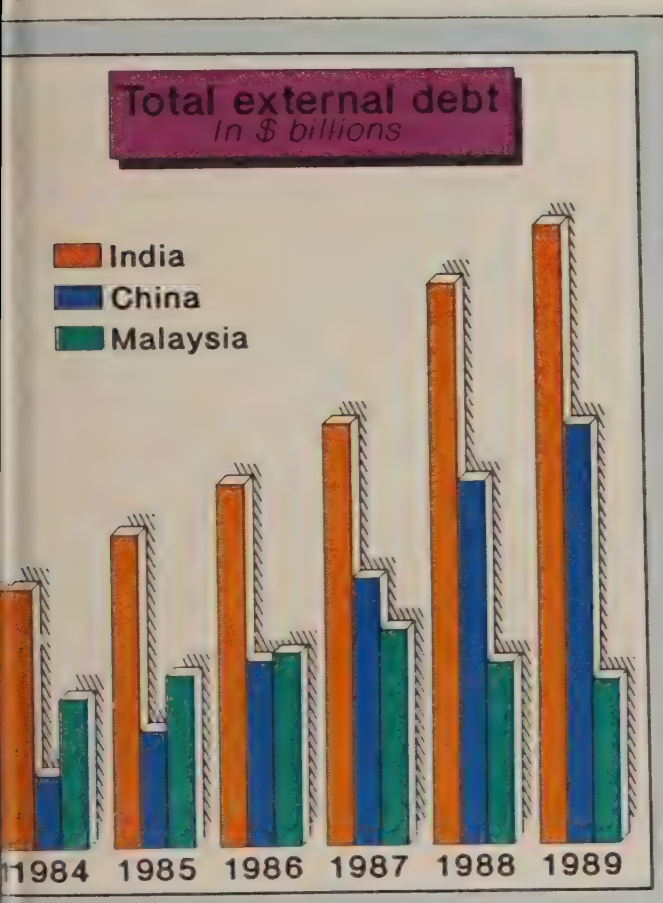




ning

stments, giving credence to the oft-essed fear that there will be a large gap bet-n stated intentions and actual implementa-. And the government is not making too y efforts to answer the 'ifs' and the 'buts'. his casualness has affected India's cred-ty. H.R. Prasad, managing director, Schrader-Scovill Duncan, a Bombay-based valve manufacturer, has been talking to a US multinational about the possibility of a joint venture. After the policy changes were announced, he told them that no government approvals would be necessary. His counterpart's rejoinder was, "How long is that going to last?"

Hailed as revolutionary within the country, the new policy is not evoking more than a wait and watch response from abroad right now. Says Girija Pande, general manager, investment banking, ANZ Grindlays Bank, which arranged the largest number of foreign loans into the country last year, "We are getting a large number of enquiries from potential investors but there isn't much we can tell them at this moment in time. And their own attitude seems to be to wait and see how things change in the coming months." Adds Robert Wade Gery, former British high commissioner to India and now executive director, Barclays De Zoete Wedd, the Barclays group investment bank, "Two questions are tempering our optimism. The first is political — whether a minority government can actually get the measures required passed in parliament. The other question arises because the new policy will mean the wholesale slaughter of a lot of sacred cows. Whether the vested interests, the left wingers, including



As foreign investment increases, debt and current balance account decrease

Box 1:

Foreign investment norms

Then	Now (proposed)
• 40 per cent equity participation	• Direct foreign investment upto 51 per cent allowed automatically. Policy still unclear for existing companies
• Higher equity only for high technology or units in FTZs or EOUs	• Higher equity on case by case basis Also, proposed 100 per cent equity for the power sector
• Non-FERA companies could increase equity from 40 to 51 per cent provided the company could guarantee 40 per cent export of annual turnover	• Only 18 industries like coal, petroleum, sugar, motor cars, drugs and pharmaceuticals restricted from foreign investment
• Severe restrictions on expansion or participation in activities like trading for FERA companies	• Automatic approval where costs of capital good imports covered by equity or less than 25 per cent of plant and machinery up to a ceiling of Rs.2 crore.

Take the example of the limit on foreign shareholdings. Says M.S. Patwardhan, vice-chairman, NOCIL, "Letting foreign companies own 51 per cent in their subsidiaries has a direct psychological impact. While a 40 per cent holding did mean virtually total control, there are certain benefits to allowing a still higher stake. It implies that the parent company can consolidate the accounts of its subsidiary."

Some multinationals who, contrary to popular notions, are quite happy with their minority holding in their Indian affiliates, feel that the new policy gives them an opportunity to expand their operations in India with much more freedom. Says David Whitwam, chairman of Whirlpool Corporation, the US-based world's largest manufacturer of appliances with a 34 per cent stake in the Indian washing machine maker TVS Whirlpool, "We are quite happy with our minority holding in TVS Whirlpool and don't plan to increase it. In fact, in most of our worldwide associates we have a minority holding. It doesn't bother us."

Pande of ANZ Grindlays points out the importance of a 51 per cent holding for a foreign company in another context. According to him, a large number of potential investors this time are going to be small and medium size technology-oriented, family-owned companies from countries like Germany, South Korea, Taiwan and Japan. For them total control is very important. Says he, "51 per cent is a great comfort line."

As for existing multinationals with a minority shareholding like Glaxo, who in the future would want to raise their foreign holding to 51 per cent, the government has still not indicated what route they can take to do this. Commerce secretary, Montek Singh Ahluwalia, when asked about this said, "We have been unable to decide uptil now about what to do."

This lack of a clear statement on how they view the attempt of parent companies in existing subsidiaries is baffling. One merchant banker, expressing a commonly-shared sentiment, feels that the whole matter should be left to the shareholders to decide and the government should refrain from complicating the matter needlessly.

"Many international companies, who want to introduce a new technology into the country, might decide to set up a new company instead of introducing it through their existing subsidiary," says Humayun Dhanrajgir, managing director of Glaxo. He is certain that his parent company would want to increase its stake, but for the negative effects of the drug price control order, which makes it hard to justify further investments.

Hoechst, like many others, is also labouring under huge liabilities of the drug price assessment scheme, which, E. Baltin, managing director, points out, are more than the total profit Hoechst has made over the last decade. According to Baltin, Hoechst has a policy worldwide of having subsidiaries in which they have either a 100 or 75 per cent stake. The situation in India is an exception. Hoechst AG has 40 per cent holding in Hoechst (India), a 32.8 per cent holding in Colour-Che Ltd, 33 per cent in PIL, 74 per cent in Uh India, while Hoechst (India) has a 67 p cent holding in Roussel India. An applic tion has been made to increase Hoech AG's stake in Colour-Chem to 40 per cer But neither in PIL or Hoechst has there be any discussion about increasing the sta to 51 per cent.

To a large extent, the interest or lack it, in increasing their stake or investmer depends on the nature and the growth the industry a company is part of. Ja Bergvelt, the former managing director Peico, claims that Philips' investment dec sions in India are not linked to its equit holding. In fact, it was such investment as sets which enabled the company to tur around in the last few years.

Bergvelt suggests that most interna tional companies have made large invest ments in South East Asia and China. Onc such large investments are made, th



"We are quite happy with our minority holding in TVS Whirlpool and don't plan to increase it"

DAVID WHITWAM
Chairman
Whirlpool Corporation

Box 3:

A small step forward

In a bid to step up foreign invest the government has set up a s investment board chaired by the principal secretary. Its missio speedily clear proposals outsid norms set by the foreign invest policy. Meanwhile, the existing eign investment board, chaired b finance secretary, will continue to cess the routine cases falling unde purview of the industrial policy. H ever, the special investment boa empowered to deal with some o proposals before the FIB.

Montek Ahluwalia, commerce retary, who along with the finance industry secretaries is a member o board, says that SIB will consider a posal in its totality. "Uptil now body had the power to say yes. everybody had the right to say Now if the board finds someth wrong in the proposal, it will not no, but instead suggest amendmen **SIB's scope.** Apart from consider large and strategic investment p posals by transnationals, SIB will a scout around for such investme Both the Indian embassies abroad a the domestic chambers of comme and industry could be roped in to he However the board has set no targ for how much investment it will tap a particular time frame.

The board can use its discretion to cide whether a proposal is good for e country. Says Ahluwalia: "For in-nce, if we have to develop a sound se for the electronics industry, I do t see how you can afford not to have here. But a proposal by Coca Cola, natever be its merits, will be low wn on our priority. That is clear." The board actually has no sweeping wers. If investments are proposed in nsitive areas like telecom, aviation with an adverse environmental nt, the board cannot take decisions thout consulting the concerned min-ries. Not surprisingly, therefore, the ecial board will constitute only a nall step forward, which is not quite ough.

The Indian effort appears to be di-cted at contacting new investors, but may not be the right way of going out it. A publication of the Interna-nal Finance Corporation's Foreign dvisory Service, entitled 'Marketing Country' suggests efficient invest-ent promotion as a solution.

ecision making stages. Investment romotion is quite similar to indus-ial marketing and requires a group of ell informed "consumers" to make rge investments. Research in indus-ial marketing suggests that corpora-ons go through five stages to reach the first purchase decision: awareness, interest, evaluation, trial and adoption.

Several countries, such as Ireland, Britain, Canada, Mexico, Malaysia, Jamaica and Costa Rica, have used investment promotion with varying degrees of success. Ireland, for example, concentrated on image-building strategies for 20 years. When the Industrial Development Agency began its work in 1970, Ireland was synonymous with a picturesque, agricultural country with a limited industrial infrastructure. Initially, IDA offered attractive incentives to firms for setting up a base in Ireland. After 1973, and its entry into the EC, Ireland highlighted its low-cost access to the EC market.In the eighties after its labour costs rose, Ireland changed tack, projecting itself as a source of high quality labour.

What emerges from the study is that investment promotion is best done professionally by a specific agency assigned to the task. Repeated personal contact with potential investors is necessary. Expecting a board comprising India's most senior government officials to aggressively promote investment, is asking for too much. The obvious choice would then be to invite businessmen of the calibre of Russi Mody or Rahul Bajaj who are far far more attuned to the realities of business.

■ KINGSHUK NAG

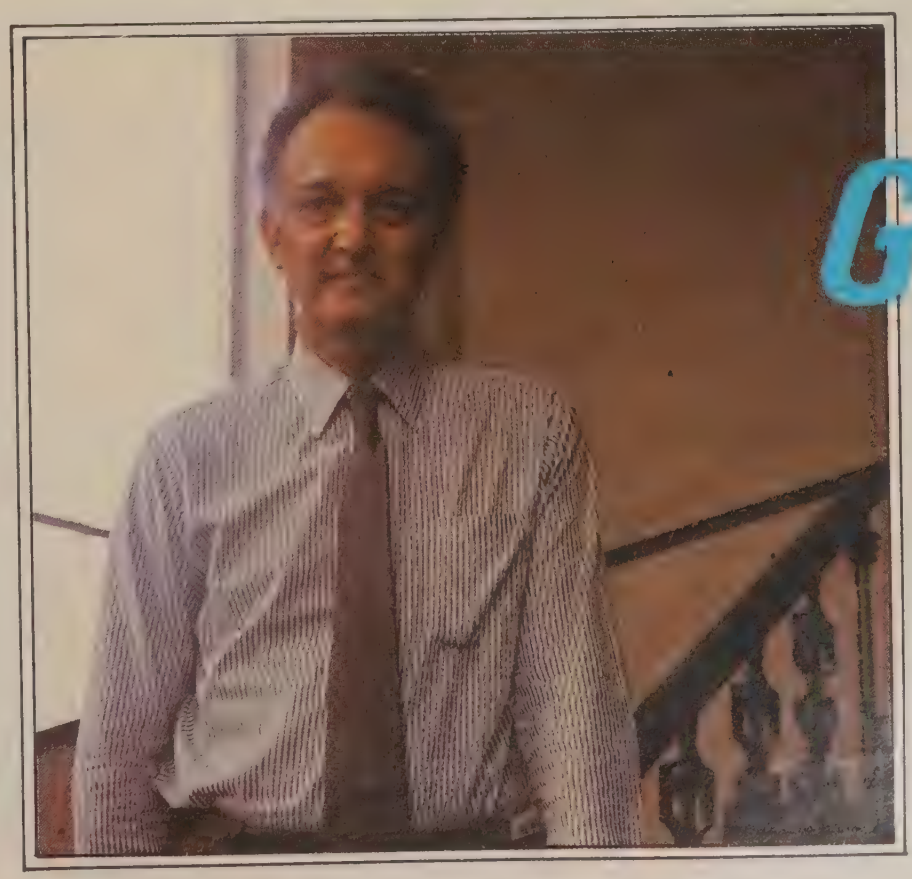
ency would be to put more investment at location itself.

shok Chindarkar, general manager, orate planning at Siemens, says that iens A.G. already has a 51 per cent e in the company, so control is not an e. But the new reforms remove many iers, even psychological. Siemens' e is power — generation and distribu-— information technology, telephone ches, medical electronics and so on. ndarkar estimates that the growth in area will be in the region of 14 per cent annum, while the prevailing trend in US and western Europe is 6 per cent, Japan, 7 per cent.

n indication of the significance of the an market is the decision of Asea wn Boveri, another global power-se, to increase investment in India. So M, which is planning to enter the coun-once again, and is talking to at least possible collaborators, including the Tatas. Another multinational giant, General Electric of the US, also has a sustained commitment to invest in India.

Most other US companies want to at least consider increasing their stake in India. One of them, Digital Equipment Corporation, has a 40 per cent stake in Digital Equipment Corporation (India) Ltd. But its chief executive, Mike Shah, expects a clarification from the government on how such an increase could be effected, only after which the issue will be seriously considered. In the case of Birla 3M, all decisions are hanging fire till 3M's chairman visits India at the end of August. Says William Scrivens, managing director of Birla 3M, "We have not yet decided whether to go in for a rights issue or to buy shares from the public." Both Yash Birla and 3M have a 40 per cent stake in the company.

What will happen to Indian houses who have tied up with foreign companies? If the foreign companies are allowed to have a 51 per cent stake, their Indian partners would be concerned about loss of control. Curiously, there appears to be unanimity among Indian businessmen to allow their partners to raise their stake to 51 per cent, without losing control. Venugopal Dhoot of Videocon has informed his collaborators, Toshiba, that they could increase their stake in the VCR unit from the current 25 per cent to 51 per cent. "But have made it clear that we will not allow loss of management control," he says. G.P. Goenka, another leading industrialist, has no objection to his foreign partners holding a higher equity than his own. But he



"Many international companies might decide to set up a new company"

HUMAYUN DHANRAJGIR
Managing director
Glaxo

those in the ruling party and the trade unions, allow all of it to be carried through." If anything, Gery's scepticism reflects his recognition of the deep-seated suspicion of foreign investment.

Manmohan Singh explains that the Indian fear is "a typical post-colonial problem". He dismisses it as the East India Company syndrome, and says there is little reason for Indians to feel that way in today's economic scenario. "I would like to think that we are capable of competing with any country in the world," he says.

What he misses out is that after 40 years of being cocooned and protected, the Indian elite may be chary of taking on competition from foreigners. But Singh has not gone all the way in opening up the economy. He has made provision for some of the earlier restrictive and protectionist policies to continue, without fixing a time frame, and chosen the middle path.

It has been forgotten that between 1947 and 1973, when there were no restrictions on foreign direct investment, there were no signs of economic, political domination or social degradation. In fact, there was little inflow of investment — for other reasons. During this period the country was just not ready to accept foreign investment and the people's purchasing power was far smaller. It is only in the last 20 years that this purchasing power has really developed.

However, even the recent record is nothing much to go by. Foreign direct investment in India was only $280 million in 1989, against $22.4 billion in all developing countries. Between 1984 and 1989, direct investment in India was only $1.3 billion, against $8.9 billion in China and $5.1 billion in Malaysia. Why was foreign investment in India so niggardly? "Let's face it, it couldn't have been any other way. You couldn't desire to be largely self-sufficient and also expect to be an attractive arena for foreign investment," says G. Krueger, executive director, Indo-German Chamber of Commerce.

But the tragedy is that even the heady early days of Rajiv Gandhi failed to alter fundamental Indian attitudes to foreign investment. His triumphal visit to the US in 1985 set most minds in board rooms the world over thinking about investing in India. But when they actually tried to invest, they experienced a cool reaction and India lost another chance. And coupled with the deteriorating political situation, this made India bad news. And "good news travels slowly, bad news travels fast," says J. Rajgopal, managing director of the Indian affiliate of the international accounting and investment consultancy firm, Cooper & Lybrand.

India, therefore missed the bus, while other developing Asian nations capitalised extensively on the world economic boom in the eighties. As Vinod Thomas, the leader of the team that produced the World Development report of the World Bank this year, puts it, "Foreign direct investment has been increasing its share in total finance flows to developing countries," which for 1989 was 35 per cent. Four countries, China, Indonesia, Korea and Malaysia, accounted for about one fourth of all direct foreign investment in developing countries in the eighties. The success of these countries in attracting such investment was because they unreservedly welcomed it *(see box 2)*.

India could again fail to attract foreign investment because of the current political instability. According to R. Banatawala, managing director of Parke Davis, for any investor the stability of a market which he operates in is the first criterion before questions of the size of the market, or whether he can hold a controlling interest.

Moreover, there is a global shortage of capital. The continuing recession in the U and the UK, traditionally the largest inve tors in developing countries, rules out t possibility of fresh investment from the Also, the situation of European countri like Germany is towards East Europe. something is not done quickly to bolst the economies in eastern Europe and t former republics of the Soviet Union, flood of refugees could flow into the pros perous nations of western Europe.

Pande of ANZ Grindlays, though, hold a slightly different view. He thinks tha considering the miniscule amount of for eign money that has come in so far, even few billion dollars of new investment, in significant in global terms, will make a bi difference.

The bulk of investment from the devel oped countries, anyway flows into othe industrialised countries. In 1990, for ex ample, 95.4 per cent of German direct in vestment was in industrialised countries. In addition, global investors currently want to invest in the two emerging trading blocs, the EEC and the American free trade area — being the biggest markets of the world. Given this scenario, if investment is to come to India, it will have to be

Box 2:

The neighbourhood scene

"We are open for business" is the one clear signal coming through from many of the Asian countries today, be it Pakistan, Bangladesh, Malaysia or China. They have all heeded the writing on the wall and rapidly opened their hitherto protected economies to foreign investment. By devising clear-cut policies and offering generous incentives and attractive facilities, these neighbours have left India far behind in the race to access direct foreign investment.

Take China, for example. By 1978, the economy clearly showed the strains of a highly centralised system. Structural reforms were subsequently introduced and a sustained effort was made to attract foreign investment in both the core and service sectors. More significantly, one of the laws stated that if a company applied to the National Investment Board of China for a licence and did not receive a reply within a month, it was considered automatically granted. By contrast, in India, a five-year wait for a project clearance is normal, which is what Shell did for its Nocil expansion an Du-Pont for its Nylon-66 project.

Developing fast. Another country o the fast track has been Malaysia. I was transformed by prime ministe Mahathir Mohamad's open door poli cies in the mid-eighties, from a dor mant agrarian economy to one of the fastest developing countries in the Pacific rim. Radical economic reforms in 1985 allowed direct foreign owner ship as well as gave lucrative tax holi days, to woo direct investment. The impact of these policies can be gauged by indicators like per capita income increasing from $1,724 in 1980 to $2,475 in 1990. Real GDP too has more than doubled from five per cent to 10.5 per cent during the same period.

However, Malaysia's story of economic success is not complete without a mention of Japan's influence in this region. Tokyo's direct investment in its neighbouring countries has benefited Malaysia immensely by creating jobs thereby a higher standard of living. Mahathir's ideological alignment with Tokyo has proved beneficial for

teral trade. Coincidentally, the
5 Plaza Accord raising the value of
and forcing Japanese companies
elocate their labour-intensive in-
tries to low-cost production has
n a blessing in disguise. Malaysia is
ay a host to nearly 850 Japanese
npanies making, among other
ngs, magnetic tape heads to highly
histicated polished silicon wafers
l engineering goods. In addition,
re are about 77 Japanese construc-
n companies to take advantage of
building boom and 26 banks to
vice the flood of Japanese retirees,
fers and shoppers.

ractive policies. Quick to pick up
thread, our immediate neighbours
ngladesh and Pakistan have an-
unced policies which are in many
ys more attractive to foreign inves-
s than our own. For example, 100
cent equity is allowed as a matter
course. Also there are no questions
ed about repatriation of dividends
Linst the attempt in India to get for-
n investors to cover dividend out-
w by foreign exchange earnings in
long run. What these countries do
have is a market the size of India.

■ SHAMPA KAR

lticed and cannot be expected to rush in.
At the governmental level, several initia-
ves are being taken. At the broadest level,
onomics is appearing to matter at the
ndian foreign office. When the prime
inister visits Germany in early Septem-
er, for example, he is expected to tell Ger-
an industrialists that India is open to



ANZ Grindlays Bank

"We are getting a large number of enquiries from potential investors"

GIRIJA PANDE
General manager,
Investment Banking
ANZ Grindlays Bank

business. According to highly placed officials in the foreign ministry, Indian missions are being told to liaise with chief executives of major companies with a view to attracting them to India. The government's resolve to attract new investment has also led to the setting up of a new high-powered investment board (*see box 3).*

Another initiative which has promise is the proposal to set up what are called model industrial towns, to attract foreign investors. The proposal was first mooted by the Indo-Japan study committee, a body comprising leading Japanese and Indian businessmen and officials, to tackle the shortage of infrastructural facilities in the country. The concept of the model industrial town, which has been implemented in Indonesia, Thailand and China is based on the assumption that while one can't improve infrastructure all over the country, it can be done at one or two sites.

In many ways, the model towns would be like free trade zones, but much larger — maybe up to 700 to 800 hectares. The industrial model town would be equipped with all the necessary infrastructural facilities. A committee headed by Kalyan Bannerjee (in his personal capacity) will look into the feasibility of setting up the sites.

If the proposal gets off the ground, there are ample prospects for investment. Today the life cycle for most products abroad is 18 to 36 months. For example, audio tapes have been replaced by compact discs in the markets of developed countries. Yet, products like audio tapes will continue to have markets in India and many other developing countries as well as developed countries. And it is this rationale that has led Koyo Seiko, a $2 billion Japanese company, to recently take a 10 per cent stake in Sona Steering Systems, the official supplier of steering systems to Maruti.

Masuo Hoshino, director, Koyo Seiko Ltd, explains that Koyo Seiko took the stake because of its desire to source manual steering gear systems from Sona Steering, a Maruti joint venture. The demand in Japan is not large enough to merit production at one of their automated sites. "But the volumes are still large — several hundred thousand pieces a year. Sona's total production capacity is only 120,000 systems a year," says Hoshino.

The easiest way to step up fresh investment would be to get multinationals with subsidiaries to boost their investment. It would be easier than to persuade a fresh investor to come in and make an investment. Over the last few years, a sustained debate has taken place on the benefits of letting foreign companies having a dominant stake in Indian companies.



C&L

"Good news travels slowly, bad news travels fast"

J. RAJGOPAL
Managing director,
Indian affiliate of
Cooper & Lybrand

would continue to run the business. This seems to be the general perception of most leading Indian business houses.

While no Indian businessman is willing to come out and really say it, there is bound to be reluctance to let go the benefits that were acquired through the 40 per cent limit. Today, every Indian businessman will be faced with the spectre of losing control or not acquiring profitable alliances in the future. Multinationals may seek non-dominant Indian partners or come in on their own. Merchant bankers point out that several companies like Esab, Carrier Aircon and Hoganas have entered the Indian market without seeking an Indian collaborator. Further, smaller Indian businessmen with foreign collaborations may be forced out if they cannot ante up the equity for large expansions or for the infusion of new technology.

But all these debates presume the important fact that foreigners are keen to invest in India. Contrary to conventional wisdom, no investor is dying to get into this country. What with Eastern Europe opening up, with some of the Latin American countries like Mexico seeing better days and with Thailand and Indonesia providing a much better deal, investors would do a lot of soul-searching before they actually come here with their money.



"Hoechst has a policy of having subsidiaries in which we have a 100 or 75 per cent stake"

E. BALTIN
Managing director
Hoechst



"We have not yet decided whether to go in for a rights issue or to buy shares from the public"

WILLIAM SCRIVENS
Managing director
Birla 3M

There is much that goes against investing in India at this point in time. The widespread publicity given to the caste and communal riots last year in the international media is only the tip of the iceberg. In the sixties and seventies, the Asian tigers were still placid rice-growing lands of largely illiterate peasants. China was a forbidden empire. India, thus, had a distinct edge both in trade and industry. The times have changed dramatically. China now offers a far more peaceful and disciplined workforce for any foreign investor than India will ever be able to. Even countries like Malaysia and Indonesia, where industrialisation came only in the last two decades, provide better infrastructural facilities — like better telephones and roads — than this country can dream of possessing, at least in the near future.

But this is not to deny the advantages that India still enjoys vis-a-vis many of these countries and which a thinking government should be projecting forth to attract foreign investment. Skilled labour, of course, is the most important of these. Though many would say that Indian cheap labour is now only a myth, the reality is that an improved standard of living in countries like South Korea and Taiwan has pushed up wages there, and this country continues to have an edge in that area. This is one of the reasons, for instance, that Whirlpool Corporation is planning to set up a manufacturing facility in India to service specifically the east Asian market.

The other advantage, of course, is the often stated one of the lure of a huge mi dle class market which keeps burgeoni by the year. No large corporation in t world can afford to ignore a country th houses nearly a quarter of the world's po ulation. Directly and indirectly, this pop lation will create a demand which will ne to be satisfied by industry. Besides, there the obvious edge of possessing a fairly – comparatively speaking — well-develope banking and securities market. India economists and bankers rate among th best in the world and people the hierarch of some of the most prestigious interna tional financial institutions. An interna tional investor will face a similar situatio in India as B.K. Birla, the chairman o Century Textiles and Industries, experi enced when he travelled to Rumania a fe months ago to look at the possibility o taking over a textile mill there. Laying ou the terms and conditions of the deal wa not easy because, as he told *Business India* "We had to literally start from scratch, a they had no concept of even basic thing like debt-equity ratio." The Indian stock market today is among the most advanced and biggest in Asia.

So, the foreign investor of the 1990s is going to weigh a whole basket of pros and cons before taking a flight to India. According to a study undertaken some time ago by the Associated Chamber of Commerce and Industry, India should lure investment to the tune of at least around Rs.1,500 crore every year all through the Eighth five year plan if it has to get out of the economic mess that it finds itself in. That is not an easy task, and the Indian government will have to do much more than announce that 51 per cent foreign investment will be allowed into the country in 34 select areas. The Second Coming is not going to be too easy.

■ EAPEN THOMAS and SHAMPA KAR with KINGSHUK NAG and ARIF SHARIF and bureau reports

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igh profile industries. On the
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o bridge the widening
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SESA GOA

To a cast-iron future

Changing government policies and quick reactions from this company, the only one in the private sector that exports iron ore, are pushing it to new heights, financial and otherwise. Soon, it will be the first private company to manufacture pig iron

The sylvan surroundings of Goa are more conducive to afternoon siestas and merry making than frenzied industrial activity. So, in some senses, it is an achievement for the state that Sesa Goa Ltd (SGL) is listed on the Bombay Stock Exchange's (BSE) forward list — that group of select companies in whose shares speculation is officially tolerated.

On the basis of expectations alone, SGL's scrip gained a handsome Rs.400 last fortnight on the BSE, up from Rs.260 in June. According to a leading broker though, 50 per cent of this rise is based on fundamentals and therefore justified. The rest is purely speculative.

For the three decades and more that SGL has been in business, it has been engaged in mining and export of iron ore. The company accounts for 15 per cent of India's total iron ore exports and has the rare distinction of being the only public limited company in that trade. About 90 per cent of the company's Rs.94 crore turnover last year came from exports of iron ore. But this proportion is going to change in the coming years.

Changing government policies over the years have helped the company on its way. And now, more than ever, as SGL's Italian managing director Antonello Girardi says, "the government's policies are in our favour. We have to reciprocate and hence the plans to increase the quantum of exports, expand and diversify in our business."

Till 1980, SGL was a wholly-owned subsidiary of the Italian steel giant Finsider SpA which, in turn, is a subsidiary of the IRI group owned by that country's government. Being a 100 per cent FERA company, SGL was prevented from diversifying into other areas. But a year later, Finsider diluted its equity stake to 40 per cent, paving the way to diversification.

The first foray outside mining and exports was into constructing barges for itself. With time, this was broadened to construction and [illegible] pair of small ship vessels and barges f third parties. Thou this activity did not r flect directly in t company's turnove in terms of any gre increase, it definite cut down shippi costs for its ow exports.

The major dive sification came in la 1988 when the Centr decided to allow pr vate sector companie into pig iron produc tion. SGL responde quickly by drawing u plans for a 150,000 tonnes-a-year lo phosphorus pig iro (LPPI) plant. The firs phase of this project comprising a 90,000 tonnes-a-year plant



Girardi: "policies are in our favour"



SGL's mines: dim[illegible]ing importance due to diversification?

ing Rs.29 crore, is ing completion. It produce pig iron a phosphorus tent of 0.06 per , as against the ent industry best .12 to 0.2 per cent g produced by the inga Iron Works in ssa.

When this plant — first major pig iron ject in the private or — goes on am by mid-tember, SGL will be l set on its way to a nover of Rs.125 re by March 1992. erine Frank, the npany's finance director, expects that full production, it will add Rs.60 re to SGL's turnover every year". And ardi adds, "This diversified business l support the company in the lean rs of the iron ore business cycle."

Girardi says, "We could export some iron, but since it is not a sufficiently ue-added product, we are focusing on ing up a foundry that will use it to ke complex castings." P.F.X. D'lima, irector of the company, explains that me European buyers of engineering ducts have re-ested SGL to supply mplete machining. says, "We will ke machine cast ducts as per their cifications. There l be considerable ue-addition in these ished products and r export earnings l go up."

SGL had originally nned to set up the ire capacity with o blast furnances in ingle phase, but has ce revised the plans. rardi says, "We will w go in for a foun- y after the first ase of 90,000 tpa s stabilised. The pacity will be in-eased by installing a cond blast furnace ly after that. The xt stage would be to set up a sinter plant." Technology for the first blast furnace has come from Tata Korf, the Indian associates of Korf, Brazil.



Sawant, Frank, Girardi and D'lima: the core management team

For all practical purposes, SGL has an assured market for its pig iron, the main raw material for foundries which make iron castings. Today, the total estimated demand for pig iron is 2 million tonnes (mt) a year, whereas indigenous supply from large integrated steel plants varies between 800,000 and a million tonnes. With around 400,000 tonnes being imported — at a landed cost of Rs.8,100 a tonne, after devaluation — there is still unsatisfied demand for 600,000 to 800,000 tonnes each year.

Total demand is growing at 20 per cent a year, and is expected to reach 3.5 mt by 1995. Against this, there are 11 proposals for new plants with the central financial institutions, with aggregate capacity of 1.1 mt.

The main raw materials for pig iron are iron ore and coke; about 800 kg of coke and 1,400 kg of ore go into every tonne of pig iron produced. The iron ore will come from two SGL beneficiation plants adjacent to its pig iron plant at Amona in Bicholim, north Goa. The two plants have a combined processing capacity of 2.1 mt. The coke will have to be imported.

SGL owns 21 mining concessions spread over 1,570 hectares; of this, 860 hectares have been prospected and have proven reserves of over 100 mt of ore. It exported 3.5 mt of beneficiated ore worth Rs.90



The pig iron plant: assured market thanks to growing demand

crore last year. Of this, 1.3 mt was produced by the company's own mines and the rest bought back from mines operated on behalf of others.

Twenty years ago, SGL's ore was exported only to Japan. "Today, although the Japanese are still valuable customers, our ore is also being shipped to Germany, Holland, Italy, Belgium, France and Romania," says Frank. When the pig iron plant, and later the foundry comes on stream, these exports will become consolidated, and better still, in a value-added form.

On the mining and ore export fronts, however, SGL's performance is expected to remain static at 3.7 and 3.5 mt a year, respectively, atleast for some time to come. The problem lies in the fact that the company does not own a transhipper, as a result of which it is dependent on outside transport for movement of its ore. Under the present circumstances, the figures mentioned are the optimum. Soon, however, the situation should be rectified. D'lima says, "We have decided to acquire a transhipper and last week we received a clearance from the surface transport ministry for that."

Other than that, things are looking up for SGL, and the mining industry in general, in more ways than one, what with the government's recent policy announcements. First, devaluation and the resultant 40-per-cent appreciation of the dollar's value promises a bonanza, not to mention the 7 per cent price hike in iron ore allowed over 1990-91 prices. Sec profits from exports of processed erals and ores now enjoy the benefi section 80 HHC of the Income Tax and are therefore free of any tax. Say nance director Frank, "This will be a cable for the assessment year 1991 Thus, Rs.4.25 crore that we have vided for tax in the year ended Ma 1991 will be now adjusted and adde our pre-tax profits."

A third benefit accrues from the import-export policy. Says Frank, "S ting 4 April 1991, whatever we have ported will be eligible for Exim scri Even going by last year's figures, company will be eligible for Exim sc worth more than Rs 30 crore. Says C ardi, "This will make it easier a cheaper for us to import the coke we ne and bring down the manufacturing co of pig iron."

The combined effect of these benef coming on top of four years of unint rupted growth for SGL will, as a close co petitor puts it, "have a rather mi boggling effect on SGL's accounts". A ready, the turnover for year ended Mar 1991 is up from Rs.39.43 crore (Mar 1988) to Rs.93.48 crore. During the sa period, the profit after tax skyrocket from Rs.84 lakh to Rs.5.46 crore, pushi the earning per share (EPS) up ten times cross the par value at Rs.10.62.

With the impact of the pig iron proje rubbing off on the second-half accoun of the current year, earnings are sure increase further. In fact, the compan hopes to generate enough earnings in th very first six months of the new project operations itself to be able to service th enlarged capital after the conversion SGL's partly convertible debentures an issue of fresh equity to principal share holders in February 1992. The company' equity will increase from the existin Rs.5.14 crore to around Rs.7 crore at tha time.

For now though, there is a shortage i floating SGL stock on the BSE. And with bul operators hell bent on trapping the bear by not giving them an opportunity t cover their positions — as they did with the ACC scrip last year, and pushed it up to Rs.2,000 a share — the SGL share could well go through the roof in the weeks to come.

As it stands today, SGL may appear a speculative scrip but its ambitious plans look likely to prove it strong on the fundamentals too.

■ LANCELOT JOSEPH



Pig iron will help increase second-half earnings this year

SONY

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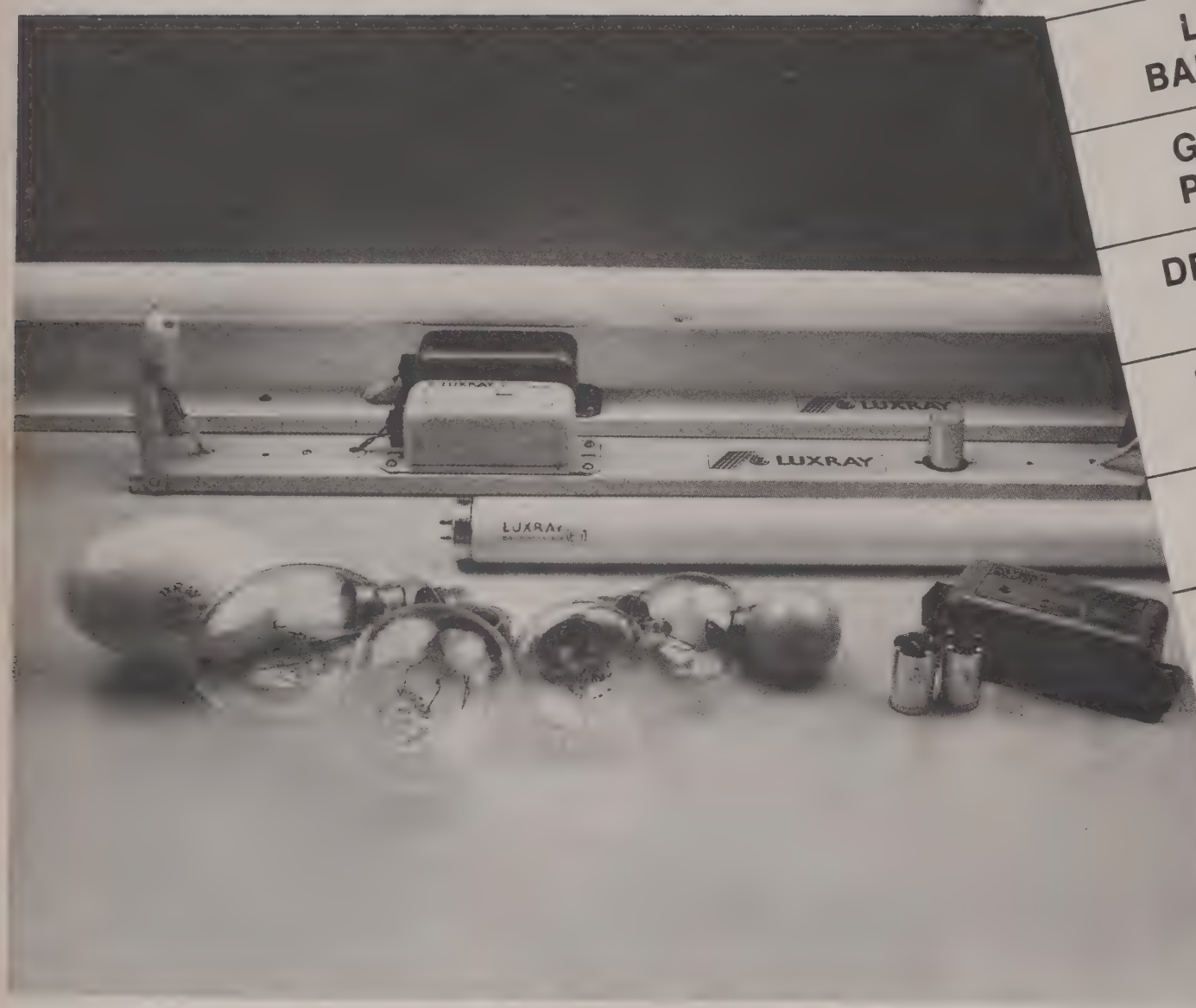


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TOSHIBA ANAND BATTERIES

Time to say *sayonara?*

The pioneer in metal jacket cells in India is going through a rough patch. The fabled Japanese management techniques having failed, it has become a BIFR case again

The Japanese wizardry that turns any enterprise they touch to gold doesn't seem to work here. And now, over a year after taking control of the management of the ailing 21-year-old Indo-Japanese venture, Toshiba Anand Batteries in Kalamassery, Kerala, the Japanese are about to throw in the towel. Neither their fabled management techniques nor a bail-out infusion of Rs.10 crore from the parent Toshiba Corporation has been able to turn around the loss-stricken company.

With total accumulated losses nudging Rs.14.24 crore by end March 1991, the company had no option but to hobble back to the Board for Industrial and Financial Reconstruction (BIFR). While the disappointed Japanese rue that they missed roping in ITC for marketing support, the 500-odd workers of Toshiba Anand are restive about their prospects.

Not so long ago, however, nothing appeared impossible to Yukio Akashi, the 55-year-old bachelor of law, who left his post as vice-president and general manager of Toshiba Battery Co, Japan to take over as managing director of Toshiba Anand in late April 1990. He thought that tightening management control, fixing technical hitches and urging the workers to increase productivity would do the trick. Today he is a wiser man. Says Akashi: "I am at a loss, for everything seems to have gone wrong. Then I was confident, perhaps because I didn't understand the ways of the Indian economy. Though we made improvements in production, we couldn't increase sales."

For Toshiba Anand, which was set up in 1970, poor sales is a recent ignominy. The company, which pioneered the metal jacket dry cell in India, maintained a fair level of profitability till around 1985 — when, on sales of Rs.20 crore, its gross profit touched Rs.1.18 crore. But since then things have moved only downhill.

The company could not meet the increasing competition at the market place. Its product image also took a beating on account of a large number of rejections. Sales slumped, production fell and losses began to mount (*see table*). From a high 90 per cent in 1983, capacity utilisation dropped to 47 per cent by 1988-89. And by March 1989, the company's peak net worth (Rs.2.04 crore in 1987) had been eroded to negative levels. The company was thus forced to apply to the BIFR for a rehabilitation package.

After the first BIFR hearing, chairman C.L. Anand (the Delhi-based entrepreneur who also promoted Punjab Anand Batteries and Punjab Anand Lamp Industries) talked to his long-time collaborators Toshiba Corporation. The Japanese giant (ranked the 24th largest manufacturing corporation by Fortune in 1990) agreed to pump in Rs.10 crore — nearly ten times Toshiba Anand's equity capital — to bail out the company. The help came in the form of redeemable non-convertible preference shares for ten years, which made the company's net worth positive once more, lifting it out of BIFR's purview.



Photos: K.G. Kumar

Akashi: disappointed but wiser



Will Toshiba Anand ever stand tall again?

Along with Akashi, Toshiba deputed Yasuo Imashiro as chief engineer and wholetime director for five years. It also flew in Japanese engineers who overhauled the equipment. Production recommenced in the first week of June 1990 and, for the next two months, capacity utilisation was reasonably high at 50 per cent. The Japanese hoped to touch 100 per cent by October 1990.

That, however, was never to be. Instead, the company closed that fiscal year with a loss of over Rs.7 crore. Much of this, claims the

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anagement, could be traced to the Gulf ar which pushed up the costs of raw aterials (especially zinc), 44 per cent of hich is imported. Toshiba Anand's imort bill for 1990-91 was over Rs.4 crore.

But, undeniably, this is a generic probm affecting all battery makers. Despite hat, say industry watchers, the increased emand following a good monsoon and alling zinc prices has made battery anufacture more profitable. Indo Naonal, for instance, made a net profit of s.1.61 crore on sales of nearly Rs.90 rore last year. Similarly, Lakhanpal ational reported a profit of s.2.49 crore on sales of s.81 crore.

Therefore, Toshiba And's failure cannot be atibuted solely to poor arket conditions. True, as e management stresses, beg the smallest player in the eld makes it particularly ulnerable. With a market are of only five per cent, oshiba Anand cannot comand the economies of scale njoyed by Union Carbide narket share: 50 per cent) nd National (market share: 8 per cent). Yet, the fact reains that the little it prouced bombed in the arket. Even after the entry f the Japanese, about 5 milon Toshiba Anand batries came back to alamassery as rejections.

And to top it all, the proised marketing support by TC never materialised. The garette giant had three years ago taken ver Punjab Anand and had promised to xtend full marketing support to Toshiba nand as well. But stung by the Punjab enture where it lost over Rs.7 crore, ITC acked out. Says a disappointed Akashi: We expected something from ITC."

But the company's troubles began uch before this marketing failure. Durg 1986-87, Toshiba Anand altered its anufacturing process from the conventional 'paste-line' technology to the paper-line' one, to permit greater automation and more production shifts. The attery mix formulation was also hanged from ammonium chloride to inc chloride. But the imported second-and reconditioned equipment did not abilise and the technology did not adapt self. The result was excessive wastage and piles of dead cells. Recalls a former top executive of Toshiba Anand: "Every morning our job was to send telexes to Tokyo complaining about the low current output from the batteries we made."

Some engineers claim that Toshiba Anand's technology is not suited to tropical conditions. To revamp the manufacturing process, the company will have to ship the existing machinery back to Japan. That would be disastrous for Toshiba's image. That is why, claim these critics, Toshiba Anand is still tinkering around with the present technology.



A Toshiba Anand worker: worried about the future

Meanwhile, during the festive occassion of Onam, the company's workers are getting worried, understandably so. With the management publicly declaring that the company will have to close down in a couple of months unless BIFR bails it out, trade unions have begun rolling up their sleeves. Says S.C.S. Menon, president of the Toshiba Anand Batteries Employees Union: "This crisis could have been averted. We are prepared for sacrifices. We agreed to increase the work norm to six-and-a-half hours. We have even postponed discussing our long-term settlement which expired two years ago."

What irks the workers most, as they told *Business India*, is that the management is not responding with similar sacrifices, nor is it displaying any signs of financial discipline. They allege wasteful expenditure in purchase of raw materials, for instance, and few curbs on managerial expenses. The management, for its part, dismisses these charges as merely an extreme expression of the workers' apprehension about their future.

As the management waits for a call from BIFR, Akashi is hopeful: "This time we expect something from the Indian side." The message is clear: everything now hinges on BIFR's revival package, which in turn, depends on whether it can rope in an Indian partner. Only an existing player can be expected to do well with Toshiba Anand.

At any rate, for the Japanese, the foray into Kalamassery has been a sour experience. Akio Morita, the visionary cofounder of Sony, claims there is no magic about Japanese business success. In his words: "The most important mission for a Japanese manager is to develop a healthy relationship with his employees, to create a family-like feeling within the corporation, a feeling that employees and managers share the same fate." By that token, Toshiba has clearly failed at Kalamassery. Not only is Toshiba Anand on the verge of breaking up as a family, and its employees do not want to share the same fate as the management.

■ K G. KUMAR

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AGARJUNA SIGNODE LIMITED

Holding things together

fter a spectacular turnaround, this Hyderabad-based company is now oised to soar even higher as ITW, USA, increases its stake in the company 51 per cent and brings with it a promise of ever better technology and reater profits

ood ideas know no boundaries. S. Bhattacharya, the managing director of the Hyderabad-based Nagar-na Signode Limited and John Nichols, hairman & chief executive of the highly uccessful Illinois Tool Works, in the US, ve thousands of miles away from each her but share the idea of a 'cellular cor-oration', a corporation that is structured the form of individual cells each capable independent growth and yet interdepen-ent in their functioning. The $2.2 billion W has 90 different divisions, while the s.30 crore NSL boasts 22 divisions, both g and small.

Nichols and Bhattacharya also share a roduct idea: they manufacture things that old things together — screws, nuts, bolts, dhesives, steel straps, etc. Both men took ver ailing companies and engineered ectacular turnarounds. Not sur-risingly, Nagarjuna Signode and ITW are rporate partners who are now looking to enlarge their area of cooperation. As a prelude, ITW will first increase its present 30 per cent stake in NSL's Rs.3.6 crore equity to 51 per cent, taking advantage of the recent changes in the foreign investment policy. This will be followed by an accelerated transfer of technology and expansion of product lines.

In 1984 when S. Bhattacharya, an IIM graduate, then just 37 and fresh from stints at Advani Oerlikon and Larsen and Toubro, took over at NSL, the company was bleeding all over. Its impressive list of promoters — apart from the Signode Corporation (which in 1986 was bought over by ITW), the Nagarjuna group with a 30 per cent stake and the International Finance Corporation with a 11 per cent holding — had meant very little. On sales of Rs.4.25 crore in 1984, its loss amounted to Rs.2.01 crore.

"In turnarounds people run helter skelter in panic. I gave the company focus," says Bhattacharya describing what he has achieved in NSL in the last six years. On sales of Rs.30 crore for the year ended March 1990 net profit stood at Rs.3.7 crore. This year which will end on September 30, sales are expected to go up by 30 per cent and profits by 50 per cent. Exports to countries like Singapore, Hongkong, Sri Lanka, Dubai and Japan is expected to contribute Rs.8 crore to the turnover.

Bhattacharya pushed for growth by cutting back on customers at the low end of the market, like jute and cotton dealers, and concentrating on providing packaging services to more upper-end industrial customers. More importantly, he rapidly expanded the company's product range from just one — high tensile steel strappings — to seven, not only in the field of industrial packaging but also in the two other areas of industrial adhesives and industrial testing. In 1986 Signode Corporation, NSL's original partner, was taken over by ITW and the Indian company suddenly had a huge variety of high value-added products to choose from to manufacture here. Says S. Samarapungan ex-chairman, SAIL, who was chairman of NSL during the crucial 1986-90 period, "The important decision was whether to go in for low value, low margin dealership products or high value, high margin, specialised market items: They opted for the latter."

Packaging systems, which presently contribute fifty per cent of the company's turnover, consist of high tensile steel strapping systems, carton packaging systems and automatic power strapping systems. The ITW-Paslode pneumatic nailing system replaces the hammer with a gun which shoots out nails, thus resulting in savings in time and labour and allowing for precision nailing.

NSL's steel strappings are pitted against some 87 competitors who



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clude the likes of Atma Steels, Kamani teels and Southern Steel. NSL commands 35 per cent market share, with a 15 to 20 er cent premium in price. Says a senior fficial of the Hyderabad-based South-rn Steel, "Because of its consistency and s quality supplies, Signode has carved ut a niche in this market." Other prod-cts being added in packaging systems in-lude angleboards and galvanised straps. ngle boards provide corner protection, reater stacking strength and reduce ackaging cost when used with stretch lm. Galvanised straps are used for pro-ction against salt water erosion. The ompany has also moved into stretch rapping systems, so called because as ae film is being applied, it is uniformly retched, preventing abrasions and obvi-ing the need for buffer material. As the mi-automatic stretch wrapping system very simple to operate, it is cost effec-ve and also reduces labour.

n the field of quality assurance, NSL has installed systems ranging from small por-ble units to complete tailor made units to etect flaws and metal fatigue in forgings nd castings. Customers for this facility in-lude the likes of Indian Airlines, Bharat orge, HAL, etc. ITW Magnaflux, in fact, has een a pioneer in the field of non-estructive metal testing.

. A year and half ago, Nagarjuna Signode ntered the field of high performance ad-esives and sealants for household as well major industrial use. Another area the ompany is looking at is electronics. Last onth ITW's president of the switches divi-on, C.B. Waud and controller, Richard Magnuson, were in India exploring the ossibility of commencing production of pecialised electronic switches which are rrently imported by NSL. "The labour st in the manufacture of these switches is gh and it makes sense for us to produce it India to meet our demand in Asia," ex-ains Waud. ITW's switches find applica-on in telecommunications, defence and edical equipments.

In a vertical integration move, NSL has cently put up a cold-rolled steel plant at udra, near Hyderabad. The crucial raw aterial for this, hot rolled coils, has been pecially developed at SAIL, unlike other eel plants who import this raw material. This vertical integration will help us keep xible production schedules to meet the ternational demand for steel strap-ngs," says Bhattacharya.

To partly finance the vertical integra-on and diversification, NSL made a Rs.11 crore rights issue recently; this was over-subscribed several times. This is not sur-prising as the Rs.10 share, quoted at Rs.8 four years ago, is presently being quoted at around Rs.140. Nagarjuna Steels, with a 30 per cent shareholding, have picked up the rights but are in the process of disinvesting.

The market is rife with speculation as to why the Nagarjuna group is disinvesting from a blue chip company. A member of a financial institution involved in the entire deal explains that at this critical moment this is an appropriate decision for the Nagarjuna group to take. The group is set-ting up a Rs.785 crore fertiliser project and has modernisation plans for Nagarjuna Steels, while another company, Nagarjuna Coated Tubes, is before the BIFR with accu-mulated losses of over Rs.12 crore. In fact, the financial institutions have laid a pre-condition that institutional loans due from Nagarjuna Coated Tubes must first be paid off by Nagarjuna Steels (being one of the promoters of NCT) before any loans for its modernisation can be sanctioned. "Taking the rights and then disinvesting from NSL seems a sensible thing to do for Nagarjuna Steel," says a Hyderabad banker.

ITW, USA, is, on the other hand, keen to increase its shareholding to the permissible 51 per cent as it rates NSL as a stellar per-former among its world wide associates. ITW is keen to transfer technology and add more products to NSL. And there is no doubt that in the coming years ITW will play an increasing role in the operation of NSL. In fact, Bhattacharya, over the years, has looked upon ITW and its chairman John Nichols as role models for his company.

Nichols took over the 78-year old Sig-node Corporation in 1986 at a time when its growth curve was depressingly flat, with early patents expiring and Asian competi-tors taking over its traditional markets. He employed the same technique to make a success of Signode as he had done at ITW itself — emphasising independence among managers expecting them to come up with new ideas and implement them without any interference. Basically, he was turning them into independent entrepreneurs within the company. ITW's engineers in each division talk to customers rather than leave anything to head office marketing men.



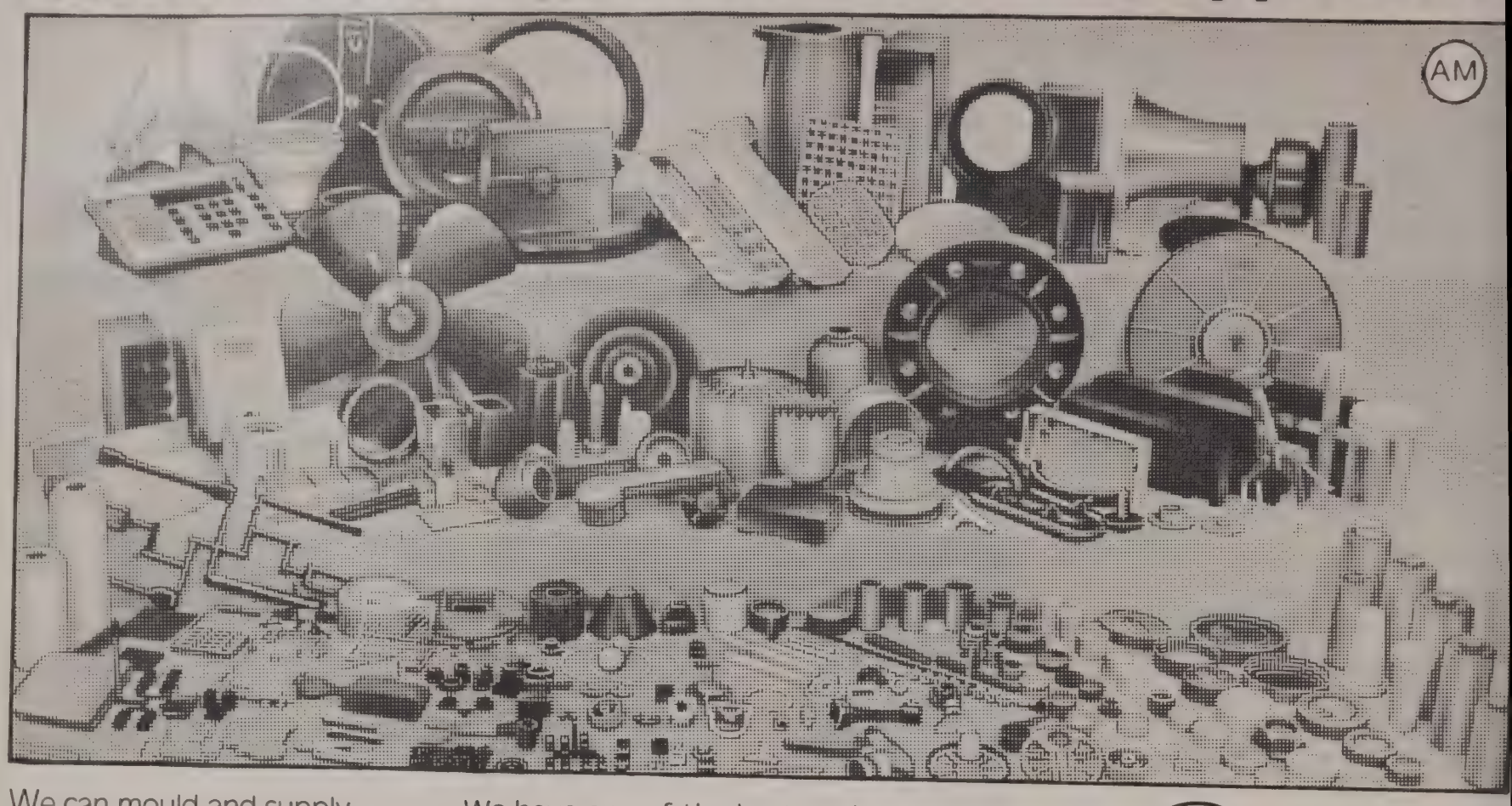
Magnuson, Waud and Bhattacharya: interdependence through independence

Bhattacharya echoes the same senti-ments when he says, "We want to stay close to the customer. We want our man-agers to develop as entrepreneurs and take risks." Organisationally, NSL consists of 22 decentralised divisions. Says N. Vi-jayraghavan, vice-president, corporate de-velopment, "We are a conglomerate of strategic business divisions with small op-erating units." Bhattacharya's alliterative philosophy of competence, consistency, communication and commitment forms the corporate glue.

Bhattacharya is full of plans for NSL and is a frequent visitor to ITW's plant in Illinois. "We hope for a 50-per-cent growth rate in the next three or five years, with a focus on existing products." In other words, stick to what you know, and grow.

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OVERNMENT SECURITIES

Ending speculation

he RBI moves to curb the unusually high volatility in the market by ining in brokers and banks

A circular issued to banks recently by the Reserve Bank of India could spell virtual ban on trading by securities bro-ers. The RBI order also seeks, among ther things, to prevent banks from in-ulging in any speculative activity while ealing in government paper. It has ob-cted to four types of transactions that ne banks currently engage in. These eals include:

Ready forward deals at rates which ave no relevance to market rates (that is, ll today with an understanding to buy ack at a future date at a price deter-ined today).

Double ready forward deals (two ready rward deals involving the same securi-es but two different banks).

Sale transactions by issue of bank re-ipts (BRs) (a token issued by banks to void physical transfer of securities) with-ut actually holding the securities; and le transactions by issue of securities eneral ledger (SGL) forms (an account aintained by the RBI for each bank for ansactions in securities) without having fficient balance in their SGL accounts.

The new controls

- Banks should have no short positions in securities.
- Outright ready forwards or securities general ledger entries should be reflected on the same day in the investment accounts of banks.
- Transactions between two banks should not be routed through brokers.
- If transactions are through brokers, this should be clearly reflected in the bank receipts.
- No bank receipts should be issued without securities.
- Bank receipts should be issued in the format devised by the Indian Banks Association.
- No bank receipt should be issued in favour of bank constituents (clients) or bankers.
- Any bouncing of a delivery order for securities should be reported immediately to the Reserve Bank.

• Issuing BRs/SGL forms on behalf of broker clients without safeguarding the bank's interest. (Since ready forward deals are often done without insisting on physical delivery of securities involved, there are chances of deals occurring which are not backed by securities).

Trading in the securities market is not a new activity. Says Madhur Morarka, Batlivala and Karani, the oldest firm dealing in money market instruments, "Banks need securities on an on-going basis to maintain their statutory liquidity ratio with the RBI. With aggregate investments worth over Rs.80-90,000 crore in government paper bearing very low and fixed interest, it is also imperative for banks to improve yields on them through trading."

What upset the RBI was the high volatility this market witnessed in the past few months. The price of year 2010 paper of face value Rs.100 (of discounted value Rs.98.50) used to fluctuate in the 30-40 paise range till last year. This year suddenly the band has been as wide as Rs.2. The yield on securities thus jumped up to 3 per cent a fortnight or 72 per cent on an annualised basis. Says a banker, "I do not see any extraneous reason for such wide variations." A change in the coupon rate or tight money market conditions would have perhaps justified wide fluctuations. Obviously, someone who was interested, was rigging the price up. The volatility is high even by a trader's standards. The RBI's worry over this volatility thus, is naturally justified.

Bankers attribute the volatility to some brokers who have over time graduated to taking positions in this market. Harshad Mehta of Growmore, Delhi-based Naresh Agarwala, Batlivala and Karani and CIFCO are a few active names that are being mentioned. But taking positions per se is well within the rules. Even banks like Bank of America, Citibank and Grindlays or SBI take positions. But when a broker takes position, his role as a broker gets diluted. Says a senior banker, "The value addition done by a broker is in giving unbiased opinions to the banks. When the broker himself takes a position, he no longer remains unbiased."

Having been directly hit, brokers will naturally crib. But by and large, banks are mighty pleased about the RBI order — nationalised banks because they no longer need to be afraid of being exploited by brokers (though they forget that foreign banks are equally shrewd); and foreign banks because they will have a field day in the absence of any worthwhile competition (although they will have to work harder as no front will be available to them for negotiating their deals).

Nationalised banks, barring a few aggressive ones like Canara Bank or SBI, are not known to have much of the imagination required in structuring deals for trading in securities nor do they have the freedom to utilise that imagination, their managements being themselves unimaginative or bureaucratic.

Says a senior banker, "The value addition done by a broker is in giving unbiased opinions to the banks. When the broker himself takes a position, he no longer remains unbiased"

However, the method by which the RBI has sought to control the chaos has been questioned by almost everyone. Dealers brand it "a retrograde step in the era of liberalisation". Foreign bankers defiantly say that the RBI restrictions will only increase the cost of routing deals in securities rather than control them. Banks will also have to upgrade their infrastructure now that they will have to deal with other banks themselves in the absence of brokers, while brokers will try to stick to this high returns pasture by involving more banks and bankers in the deals.

A more effective way could have been to intervene through the price mechanism or by mopping up excess stock of securities. Or is it that the RBI needs a couple of centuries to get over its old, old habit of clamping controls at the first whiff of questionable behaviour?

■ ALPANA KILLAWALA

The tedious TDS

The government can propose, but depositors are bound to depose this proposed amendment, not directly, but through canny planning

A proposed amendment to the Income Tax Act, which requires banks to deduct income tax at source on interest in excess of Rs.2,500 against deposits, has created a flutter in banking circles. The government had made an announcement to this effect while presenting the budget in Parliament last month.

Since then, the Reserve Bank of India has received several long communications from banks, listing difficulties the amendment will bring with it. Based on these, the RBI is expected to make a representation to the government shortly.



The proposal seeks to amend subsection 3 of section 194A of the Income Tax Act. As per this, tax deduction at source (TDS) is 10 per cent, with a surcharge of 12 per cent. On this basis, bankers calculate an effective rate of TDS at 11.2 per cent. Therefore, TDS will apply to all deposits of Rs.19,000 and more.

Simple matter

But, people with larger deposits normally find ways and means of getting around their tax liabilities through shrewd tax planning. They will do so again. It will be a simple matter to break up large deposits into smaller components so that each does not earn interest in excess of Rs.2,500.

The more canny depositors will also spread the smaller accounts out over different branches. It will then be the responsibility of bankers to keep track of an individual's various accounts. This confusion arises because the proposed amendment does not clarify whether TDS is applicable per branch or per bank. "The Central Board for Direct Taxes will have to clarify this. It should restrict it to branches for administrative convenience," says an official of a nationalised bank. In any case, under the existing law, the branch is considered a unit for purposes of calculating TDS against salaries.

The new amendment will only mean more administrative headaches for banks; what with banking staff having to service more accounts, and calculate TDS and issue certificates for each one. As an assistant general manager in a large nationalised bank points out, given the fact that as many as 35 per cent of bank deposits are of this size, "this will be a herculean task and most of it will be unnecessary".

For the government, there will be no real gain in terms of increased tax revenues. Yes, it will bring in some short-term funds, through immediate tax receipts. But, once the assessees break up the deposits and file their tax returns, such funds will have to be refunded.

Claiming such refunds is a simple ter of furnishing a tax exemption dec tion attested by a gazetted officer. latter sign such documents, which drawn up by the depositor, in a rou manner. If the certificate then prove be false, who will be held respons wonders an official of the Punjab tional Bank.

The mere calculation of TDS will me monumental headache for bankers majority of bank deposits are either curring or reinvestment deposits and terest is credited to the account quarte half-yearly or yearly. Therefore, on w periodicity will the TDS be calculated paid to the government? Quarterly? H yearly? Yearly? Or at the time maturity?

Contractual obligations

Another problem will crop up with co tractual obligations. At the time of taki a deposit, a bank undertakes to repay certain amount. For instance, on a recu ring deposit of Rs.1 lakh for five yea the bank contracts to pay back a lit over Rs.1.89 lakh at maturity. After T the final payment would be reduced Rs.1.77 lakh. A bank official asks, "W will bear the difference?"

That is answered simply enough, a least in the case of new accounts: the d positor. But problems are bound to cro up with existing accounts where the d positor could easily take the stand th the bank is reneging on its contractu obligation to repay the agreed amount.

The matter gets further complicated i the case of joint accounts. The PNB offici asks, "Whose liability is it? The first ac count holder or one of the joint accoun holders?"

Significantly, the proposed amend ment clashes with section 80L of the In come Tax Act. This section holds tha interest of up to Rs.7,000 earned on bank deposits is tax exempt.

The difficulties seem to be endless; with time, they can all be sorted out. But, a H.M. Rama Rao, chairman of the privately-owned Karnataka Bank Ltd says, "Exemption from TDS on interest was among the very few attractions for bank deposits. Now with that too taken away, the public will be discouraged to save with banks."

■ ALPANA KILLAWALA

Times, they are a-changing

Give us an organisation of revolutionaries, and we shall overturn e whole of Russia!" wrote Lenin in his unding essay on Bolshevism in 1902. e was not offering an empty threat. Fifen years later, on 7 November 1917, nin did 'overturn the whole of Russia'. t little did he know that history would do his work within a generation.

The longest lasting modern dictatorip of the nomenklatura is now on the rge of collapse. The masterfully intercking system consisting of the governent, the party, the work-place, the litary and the secret police is about to dismantled. The economic counterrt of this political power structure — e total state ownership of the means of oduction and central planning — is stined to find a burial with Lenin's itues.

nal phase

was in June of 1988 that the final phase the inner party struggle really began. orbachev had called the All-Union nference of the Communist Party of e Soviet Union (CPSU) after a lapse of 49 ars! It is here that Boris Yeltsin, a mavck from Moscow, stood up and castited his former mentor, Mikhail rgeyevich. He called him "weak-kneed, nfused and ahistoric". Stung by eltsin's attack, Gorbachev responded in e following words in his concluding adess to the Conference.

"What I cannot accept, however, is oris Yeltsin's contention that we have unched perestroika... without an inpth analysis of our history or of the rty's failings, that our perestroika is thing but words."

History has borne out Yeltsin's conrns and suspicions. Gorbachev has resed to see that the entire communist ucture had become unviable in the prent times. He had refused to believe that ere 'restructuring' (*perestroika*) of the onomy and simple 'openness' (*Jasnost*) were just not enough. He had rgotten that the greatest tactical ength of the Leninist ideology is its dicm that 'the end justifies all means'. And th the communist party still intact and e KGB still in place, Gorbachev should ve known that a few self-righteous conrvatives could still seize the instruments power. Their ostensible reason could be to save the 'dictatorship of the proletariat'.

In fact, in December 1990, Vladmir Kryuchkov, head of the KGB, had publicly warned that his agency would not hesitate to unilaterally defend the 'foundations of the Soviet order'. Yet, Gorbachev remained blind to the realities of history. Now, one can only hope that the shock of the failed coup has severed Gorbachev from his Marxist-Leninist anchor and has given the final shot in the arm to those who cherish real democracy in Russia.

The crux of the future lies on the economic revival of the nation. However, the current situation is extremely grim. Production has slumped, inflation has increased in leaps and bounds, hard currency reserves have plummeted and there is even a threat of famine. Gorbachev's refusal to make fundamental institutional changes in favour of markets and private ownership, and his constant compromises on economic reforms with the conservatives within the Party, has led to the current impasse.

Can only hope that the shock of the failed coup has severed Gorbachev from his Marxist-Leninist anchor and has given the final shot in the arm to those who cherish real democracy in Russia

Initial enthusiasm

For example, not so long ago, Stanislav Shatalin, an economist of repute, placed before Gorbachev a 500 Day Plan for economic recovery. It contained a radical programme to marketise, privatise and globalise the Soviet economy. Yet, Gorbachev abandoned the Plan after showing initial enthusiasm. It was later known that Ryzhkov, the conservative communist ally of Gorbachev, opposed the Shatalin Plan tooth and nail and Gorbachev succumbed to Ryzhkov's threats, beating a hasty 'political retreat'.

In April of this year another effort to radically liberalise the Soviet economy was placed before the public by Grigory Yavlinsky. This programme, popularly called the Nine Plus One declaration, had an unique feature. It was developed by Yavlinsky jointly with several eminent economists from Harvard University.

Unfortunately, on 17 June, the conservative prime minister Valentin Pavlov opposed the Nine Plus One programme on the floor of the Supreme Soviet. In populist jargon he said that Harvard economists are "ignorant of the Soviet life and Soviet attitudes. They have their own criteria, values, and conceptions.... We cannot count on their ability to give us answers."

Pavlov is now under arrest while Yavlinsky has just been included in the economic committee headed by the prime minister of the Russian Republic, Ivan Silayev. There is now hope that the Nine Plus One declaration will be brought to the front burner. With the wide support it enjoys among the G7 nations of the world, this declaration (often called the "Window of Opportunity") may well become the nodal point of economic reforms in the Soviet Union.

The future of the Soviet society and its economy remains unclear. But one thing is certain. Marxian economic thinking has just been orphaned and as Leningrad changes its name back to St. Petersberg, we will all have to re-think our own perspectives on global political economy. The question that will remain, however, is: can Gorbachev and Yeltsin tap the vast physical and human resources of the Russian people through fundamental systemic changes and bring about a new economic revolution by the turn of the century?



AMIT MITRA

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Doomsday of an empire

The people of the USSR have reached a consensus on the centrality of democracy and the irrelevance of communism in their lives

The 60 momentous hours that shook the world ended with the indubitable triumph of democracy over dictatorship. The reactionaries who tried to turn the clock back failed pathetically, and only succeeded in consigning themselves and their miserable cause to what Trotsky graphically termed the dustbin of history. The scenes around the Russian Parliament, the Leningrad Soviet and before the dreaded Lubyanka — of people intoxicated with the spirit of democracy — will forever be engraved in the memories of those who value liberty; and will provide the Russian people with a new and striking icon minted in the furnace of repression.

The most important conclusion to be drawn from this episode is a reaffirmation of the importance liberty and freedom occupy in the human condition. It is also a resounding vindication of the merits of federalism as a system of political organisation. The chaos prevailing today owes much to the centralisation of power and the apotheosis of central planning as a means of creating a state. We, in India would do well to learn from this and adopt a more decentralised political and economic system to foreclose further regional and secessionist tendencies.

Gorbachev, having let the genie of democracy out of the bottle, made a decision which has proved irreversible. The plain fact is that a consensus has been reached by the people of the USSR on the centrality of democracy and the irrelevance of communism in their lives, this consensus being reached in the face of much pain and privation suffered in the tortuous transition from an unfree to a free society, from a centrally planned economy to, hopefully, a market economy.

It has often been suggested that historically the Russians, having missed out on the Englightenment and having not thrown up a significant middle class liberal elite, are somehow unfit for and antipathetic to democracy. It has also been argued that they have been too enamoured with their empire, originally expanded by the Tsars and further added to and consolidated by the Comrades, that they were loath to give up the patrimony of their ancestors and not prepared to witness the vivisection of Mother Russia. All these apprehensions have been demonstrably disproved in a populist uprising of soul stirring dimensions which the purblind and grey junta behind the coup never had the imagination to anticipate.

In a sense the coup was necessary. The irony that Gorbachev, a former head of the KGB and head of the Communist Party, was a moving force behind perestroika and glasnost was something not lost on the West. In fact, too much diffidence and hesitation attended decision making, there were always weasels who kep minding the reformers, "Don't go to or you'll upset the KGB, the party army." Eduard Shevardnadze, a fo foreign minister, was one who hac courage to point out the implicatio going too slowly. His ire was provoke the brutal manner in which the Tbilis rising was crushed by the Soviet mil machine and he prophesied the cor coup. In his resignation speech, he ferred to his resignation as his "contr tion, if you like my protest, against onset of dictatorship". This presentin was based on the manner in which military and the party had co-operate emasculate the institutions of perestro without understanding its ramificati and the disturbing degree to which G bachev had appropriated perestro personally, compelling his opponents



Yeltsin: providing a massive fillip to perestroika

ck perestroika when attacking him.
his power game was played against
backdrop of a rapidly deteriorating
nomy — the GNP of the Soviet Union
ining by around 20 per cent last year
nd the onset of virulent ethnic strife.
s uncertainty induced paralysis at the
rt of the government, while the palpa-
constraints imposed by the KGB and
army ruled out the possibility of the
ssive foreign aid Gorbachev was rely-
on to fuel further reform. The over-
elming victory of Boris Yeltsin over
olai Ryzkhov, the establishment's
didate, for the presidency of the Rus-
Federation should have provided a
ssive fillip to perestroika. The fact that
idn't only underscores the ambivalent
wer structure: it also reinforced the fact
t Gorbachev lacked the legitimacy of a
pular mandate. The key factor in the
wing power equation was not just
trol over the army but also popular
port. If it has been remarked that the
mpetent conduct of the coup owes
re to the Marx brothers than Marx
l Engels, it was perhaps because of dis-
eements in the junta on the coup's pur-
e and ambivalence over the methods
e employed. It was also because of the
ation of the conspirators from society
arge, that they were genuinely igno-
t as to the real sentiments of the Soviet
ple. The confrontation then was nec-
ary, if only to purge the system, to re-
ve the source of paralysis.
Now if the party is over, in both senses
he term, in the famous words of Lenin,
"hat is to be done?" If the ham-handed
p has greatly strengthened the hands
the reformers, the political and eco-
mic problems remain as implacable as
ore. And in a sense the reformers do
have the scapegoat of the communists
blame for any obstacle in pushing
ough what has to be done. Whilst the
nomy figures prominently on the
nda of reforms, the first important
p is the shedding of the last of the great
rld empires, the Russian empire.
The important union treaty which pre-
itated the coup, involving the rework-
of relations between the Kremlin and
Soviet republics requires to be signed.
is is necessary since democracy is im-
ssible as long as ethnic groups that de-
nd sovereignty are under central rule.
is not possible to have liberty in Mo-
w and repression in Riga. Aware of
s, Yeltsin is anxious to structure a rela-
nship where the Soviet Union is re-
ced to dispensing largely formal
functions, and independence is conceded to the republics that demand it. The eminent historian, Richard Pipes, remarks, "Russia offers us the unprecedented spectacle of an imperial power extricating itself from empire in order to gain democratic freedoms for itself."

However, the problems will not just end with the execution of the treaty. Russia and Kazakhstan are the only republics which are anxious to sign the treaty as is. Seven other republics including the Ukraine (the granary of the Soviet Union), Byelorussia and the five Central Asian republics have not agreed on the terms of the treaty. And six states, including the Baltic states and Moldavia, Georgia and Armenia, have openly rebelled and are not interested in remaining within the new federal structure, preferring outright independence.



Gorbachev with a team of doctors: finding the right medicine?

What lies ahead are enormously complicated negotiations. Daniel Abele, a researcher at the Woodrow Wilson Centre, suggests that this process will involve the resolutions of questions such as "Who owes what to whom", as well as a whole host of territorial claims which have been frozen for the last 50 years. For example, he continues, "The Soviets have built a lot of industry, nuclear power stations and seaports in the Baltic states. They will want to be compensated and the Baltic leaders will argue that these were built with the blood and sweat of Latvians, Estonians and Lithuanians."

All this will make the inflow of much needed foreign investment difficult. For example, Chevron set out three years earlier to develop oil resources in Kazakhstan and negotiated concession rights with the Soviet Union. Now the Kazakhs say, "No, this is our oil, not the Union's. Some new arrangements will have to be made."

The point is that it is not very sensible discussing reform of the Soviet economy if the Soviet Union is likely to fragment in the coming months. The economic dislocation liable to result from the political fragmentation will be horrendous in the short term. In any case the Soviet harvest is likely to be less than last year's, and grain stocks are down to 20 million tonnes in contrast to the 70 million tonnes necessary. The price of grain is due to rocket over fourfold in the course of the year. There are also likely to be massive shortages on account of the fact that the communists used to force students and soldiers to harvest crops. Without this compulsion the harvest may not come in. To cap it all, the oil industry, one of the Soviet Union's great foreign exchange earners, is in such poor shape that the Soviets may be required to import oil this year.

The chairman of the State Bank, Victor Gerashchenko, announced that over 80 billion roubles' worth of notes were required to be printed to cover the budgetary defecit. This arose because of the "War of the Budgets", the refusal of

republican governments to hand over tax revenues to the federal government. Industrial production is still in decline, up to 6 per cent until July.

These apparently insurmountable problems will be exacerbated by the break-up of the union. The self-sufficiency of the state will end, well endowed republics will seek to make their own arrangements with the outside world, and the poorer ones will be mired deeper in poverty. The entire system is unravelling, the inefficiencies, the lies and falsehoods being mercilessly exposed.

Two questions arise. Is it sensible to support Yeltsin in his reforms with something more than lip service? The second question is: if so, how? And what can India do? What is being witnessed has the makings of a major calamity on a scale unprecedented. Clearly massive aid may need to be given to avoid famine and starvation resulting from the dislocation of the economy. In this light, the promise of nearly US $25 billion in aid by the Group of 7 will be welcome.

In any case, the coup has demonstrated the fragility of perestroika and the need to cushion the transition process. This factor may explain why Gorbachev could not move ahead with reforms like the economic agenda recommended by economists such as Shatalin, since these reforms would involve further price rises and massive unemployment in the short term.

It is debatable whether the West should have agreed to finance Gorbachev on the basis of his adopting the Shatalin plan. Perhaps the West has an interest in seeing the fragmentation of the Soviet Union. But the Soviet leaders must acknowledge their deficiencies, eg, the lack of technical know-how, and information about the economy.

Neither Yeltsin nor Gorbachev has any real understanding of how a modern economy functions. The proposed treaty with the Republics illustrates this poignantly, there being no provision for centralised monetary control, nor a satisfactory formula for revenue sharing powers, nor expenditure responsibilities as in the Indian Constitution. There is no wholesale private trading structure in the USSR, making the development of private agriculture and industrial production impossible. Neither is there a proper conception of private property rights, let alone company legislation. In the absence of these lacunae how can the Soviet Union develop into a market economy?

The other deficiency is the absence of any work culture or entrepreneurial spirit. As the joke goes, "We pretended to work and the government pretended to pay us." The only entrepreneurship that exists on any scale in the Soviet Union is in the black market. There is woeful lack of a foreign trained expatriate elite such as China and, to some extent, India has. Information systems require to be set up, technology requires upgrading, small businesses need to be encouraged to promote economic decentralisation and nurture a risk taking spirit, starting with agriculture. It is surely a disgrace that an economy with the resources of the Soviet Union is unable to feed itself. There suggestion that in certain areas such railways, for example, India can prov valuable technical and administrat experience.



Gorbachev and his people: no expat elite

In fact, for India, the collapse of centralised Soviet state may represent enormous opportunity in terms of exp of trained manpower and business ski Indians, particularly those in the Sov Central Asian republics, are very popu because of the cultural influence of Hir movies, and Indian business should ca italise on this goodwill. Ultimately, t turmoil in the USSR may put paid to o existing treaty arrangements in so far the Soviets may not be in a position to d liver some of the goods presently e ported. But this should not blind us to t fact that many of the republics will soo be open for business and on terms whic may prove more attractive than those th Kremlin ever offered.

It is tempting to draw conclusions fro the Soviet experience and apply them t India's. However, in economic terms n Indian government ever sought to exte minate the entire capitalist class as oc curred in Russia and that too laterally The Indian economy has been rightl likened by *The Economist* to a caged ti ger, but at least there is a tiger. This is no the case with the USSR. Furthermore India is a democracy and our govern ments have the legitimacy to pass legisla tion appropriate to our circumstances. As the Soviet Union is a totalitarian empire its transition pangs will be so much the greater.

■ JAVED GAYA

Whose interests does the CPSU express?

Perhaps the junta did not act without some basis, as a survey conducted last month shows. It suggests that the CPSU may be down, but it is certainly not out. However we cannot vouch for the accuracy of this survey in the methodology it employs.

On 7 to 17 July 1991, the Soviet Centre for Public Opinion and Market Research randomly polled more than 2,000 people in 33 cities and 17 rural districts of the country. This was published in the 28 July issue of *Moscow News*, an important paper of the liberals. When asked whether the CPSU enjoyed a great influence in their district or city, a majority of the respondents — 52 per cent — replied in the negative. Sixty seven per cent perceived the CPSU as working in the interests of the state and party apparatus; barely 12 per cent thought it was concerned for workers. Almost half the sample viewed the CPSU, as representing conservative forces. As for the future of the CPSU, 36 per cent felt that it should be disbanded. A third said it should be turned into one of the parliament parties. About 11 per cent felt that it should reassume its guiding and leading role in society.

Source: Moscow News, *28 July 1991*

Produce first, exit later

Great changes have been set afoot in recent weeks in the spheres of economic, trade and industrial policies. Implementation of these changes in their true spirit will call for dedication, cohesion and steadfastness in all segments of society. The people at large, and particularly in industry, must be infused with, to quote the finance minister an "animal spirit" — if these reforms are to work. Fundamentally, the human resource would make the difference between success and failure. It is therefore vital that the fourth leg of reform — namely of industrial relations and labour legislation — is carried out as a matter of urgency.

Unfortunately, debate in this area is now focused almost exclusively on the issue of "exit policy". The air is rife with contention, with businessmen dreaming of an Indian industry unfettered and unbound, while labour leaders dread an era of closures and increasing unemployment. There are elements of truth in both scenarios. Still, the danger is that the emotions unleashed over the exit policy issue will block rational discussion of any other equally important measures which are urgently required to unravel our complex labour legislation. That would be an opportunity lost. It is not popular to quote Lenin these days, but his famous question is apposite: "What is to be done?"

Overcoming hurdles

Perhaps a way out is to adopt what may be termed "the examination strategy". Every student knows that a successful approach in an examination is to tackle first the least difficult questions. This leaves him the time, concentration and above all the confidence, to grapple with the remaining and most difficult part. To break this impasse, let us postpone the exit policy for a few months and look at some fairly simple reforms in labour legislation that are more feasible and which can immediately increase output and productivity.

The Indian Factories Act, written in 1948, contains outdated clauses on prior permission for changes in working hours and for overtime work. These seriously restrict the flexibility of units to enhance production in response to demand, domestic or export. While the provisions in this Act concerning the aspects of safety, health and working environment should be retained, indeed strengthened, there is no reason why a state body should decide on who should work how many hours and what they should be paid for it. Surely, these are best left to each unit to decide through employer-employee agreement.

Consider holidays. We already have the world's largest number of paid holidays not counting the partial and sectional holidays and the generous leave provisions. In our country, where the maximum utilisation of installed capacity should be a fiat, the increasing resort to declaration of holidays under various enactments by the government is totally counter-productive. There have been recent examples of *bandhs*, *hartals* and large-scale work stoppages, directly or indirectly supported by state governments. Paid holidays have been declared when no work was done due to curfew restrictions. Such actions dilute the principle of 'no work, no pay' and send a signal that work and production are not only secondary, but the sole responsibility of one section of society. Why can we not limit national holidays to two or three per year and let each unit decide for itself, without a government diktat, the number of religious and other holidays it will observe? This will be at least a first step towards creating an improved work ethic in the country.

We already have the world's largest number of paid holidays... In our country, where the maximum utilisation of installed capacity should be a fiat, the increasing resort to declaration of holidays under various enactments by the government is totally counter-productive

Flexing rigidities

Similarly, our labour legislation reflects an obsession with permanent full time jobs as the only conceivable mode of industrial employment. Other forms of work such as part-time, seasonal, fixed-duration contracts, retainerships, apprenticeships and training assignments are viewed as thinly disguised and exploitative substitutes for full-time permanent employment. Enactments such as the Contract Labour Act in particular, have blocked true employment creation by ignoring the reality that modern manufacturing technology requires, increasingly, specialised services best provided by qualified agencies competent in those areas. All the skills necessary cannot possibly be engaged wholetime by a single unit. Such inflexibilities in our laws, have driven the large industrial sector to substitute capital for labour wherever possible, and shy away from further employment. This is a tragic irony. These rigidities must go, so that future employment at least is responsive to economic needs.

There is need for much more deregulation, but even a dent in these three areas (where there is hope for consensus) in the next few months can produce an immediate and significant surge in productivity, without traumatic dislocations. Further, an important message will be flashed: that there is no easy way out, a soft state cannot produce hard results. But, also that reforms are possible; that they can work and reasonably soon; that there is life after liberalisation. The time will then be ripe to tackle the exit policy, for this issue cannot be ducked for all time. Hopefully, with some successes behind us, we shall be able to address the last question in the examination paper with confidence.



RAVI BHOOTHALINGAM

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Rational use of the public airwaves

Most of the nation's metros have three to four broadcasting stations for dio and two for television. Yet, there is clear purpose set for each channel, ere is duplication of programming and e basic needs of the populace are not et from these abundant resources.

For instance, take traffic congestion formation. None of the radio stations day tell the motorist that there is traffic ngestion at a certain point ahead be- use of an accident or that the impend- g visit of some public official is holding traffic on a certain long section of the ad, but that a certain alternative route relatively free and is recommended for e. Similarly, none of these channels will ll that same motorist that there is mon- on flooding ahead at a certain point d that he may as well head home in- ead of making a valiant effort to get to ork only to reach at closing time.

eplorable service

nis is not some elitist requirement. The me holds even more strongly for the randed rail commuter who is forever in e dark about what is happening ahead, d the housewife who does not know in lvance that milk deliveries or water sup- y are likely to be curtailed the next orning because of some flash strike or ater mains burst. Equally, for the night ift worker striving to stay alert after the dio service has shut down at midnight earlier, and the music lover looking for me uninterrupted concert music, the rrent less than 24 hours' programming, hich is moreover patchy and inter- pted at short intervals by endless talk out drab subjects, leaves much to be sired. The problem is not confined to dio; unresponsive and inadequate tele- sion programming is an important fac- r behind the rapid growth of closed rcuit and satellite-based programming the larger cities.

The basic need is for radio and televi- on channels to be viewed as public in- rmation resources and not purely dvertising or propaganda media. A ra- onal approach to the use of these re- ources can be illustrated by a proposed attern of usage for the four radio chan- els in the metros; similar usage for the levision channels can be devised.

adio channel one. This can be used primarily as a broad-based public information channel. Normal programming could be regional popular music (eg, today's *Vividh bharati*) which is easily interruptible for important announcements as it tends to be short pieces of three to four minutes duration. This is the channel to which all control rooms such as the traffic police control room, the fire-brigade control room, the railways control rooms, etc should be linked up by hot lines for regular and timely announcements as a matter of routine. An hourly news bulletin of national news can also be broadcast here, given the interruptible nature of the programming. This channel would address the needs of the stranded car commuter and the stranded rail commuter and all those persons that were referred to above who are desperate for a clue that explains their unpleasant predicament and suggests ways around it.

> For the night shift worker striving to stay alert after the radio service has shut down and the music lover looking for some uninterrupted concert music, the current less than 24 hours' programming... leaves much to be desired

Radio channel two. (eg FM channel in Hindustani classical areas). This would be primarily meant for Hindustani classical music. A stress on concert recordings with uninterrupted play of an hour or more will allow the full splendour of this music to be appreciated, without abrupt termination for reasons of time or for news broadcasts or talk shows and documentaries. Nothing is more annoying than to hear one's favourite singer have his exposition of a raga terminated abruptly just as the mood has been created. This could even be a national channel as this music is appreciated by over two thirds of the country.

Radio channel three. (eg, FM channel in Carnatic classical areas). This can be used primarily for Carnatic classical music. Similar reasoning as for channel two applies. This too could be a national channel given that a third of the country appreciates it.

Radio channel four. Where this exists, this could be used to provide more exposure to the population on world happenings and international music. Use of international programming (with voice overs in each regional language if necessary) would permit contemporaneous information to be broadcast. Depending on time of day, programming could be aimed at children, housewives, rural folk and so on, but probably limited to a few categories of persons to avoid a meaningless melange of programming.

At least one of these channels must be run round the clock. The number of professions and situations where persons have to be awake and alert at night is large and growing daily; a seven to eleven approach which may have been relevant in more leisurely times is not so now. Examples are airline pilots, railway drivers, guards, bus drivers and conductors, policemen, fire brigade personnel, air-traffic monitors, sea traffic monitors, customs officials, and so on. Moreover, insomniacs and the sick would find these channels a good source of support at odd hours of the night or early morning.

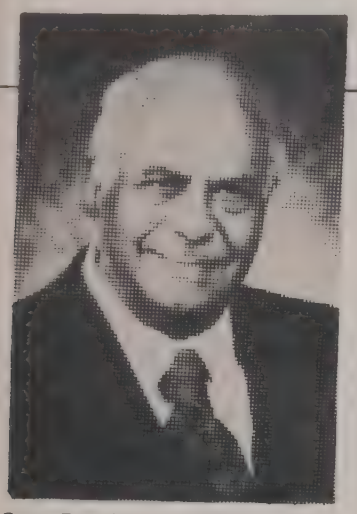
The above is just an example of rational planning in the use of the national airwaves, and not a magical formula. The word 'rational' is the key: various needs are addressed sympathetically and appropriately (eg, long uninterrupted play for classical music, short lively programming for the popular channel, etc). Duplication is to be avoided in such a rational approach as well as information gaps.



PRAKASH G. HEBALKAR

The author is president of ProfiTech, an international business consultancy firm based in Bombay

CHAIRMAN'S SPEECH



Cav. Dr. G. K. DEVARAJULU

Speech delivered by
Cav Dr G K DEVARAJULU,
Chairman,
at the 28th
Annual General Meeting
of the Company
held on
22nd August, 1991.

LMW

Ladies and Gentlemen,

I have great pleasure in welcoming you all to the 28th Annual General Meeting of your Company.

ECONOMIC SCENE

Textile industry in India is well-known for its cyclical ups and downs. After the longest crippling recession of 7 years, past 3 years marked an upswing registering a new high in production, domestic sales and exports. Textile machinery industry also reflected this buoyancy. The turnover for the industry rose from Rs. 531.80 Crores in 1989-90 to Rs. 998.37 Crores in 1990-91 - a phenomenal rise of over 90%.

The production of spinning machinery has gone up by 119% over the last two years, both in terms of value and quantity : from 0.9 Million Spindles in 1989-90 to 1.8 Million spindles in 1990-91 with corresponding increase in back process machines.

But this buoyancy is no more. Due to the acute shortage of cotton, contributed by a poor crop and an untimely export, the prices have climbed up to uneconomical levels thus rendering the exports of yarn unprofitable. In the face of an anticipated famine for cotton during the end of this year, mills may prefer to convert the available funds for their working capital requirements, rather than for lifting of new machinery.

Another disturbing factor that continues is the spiralling increase in the cost of raw materials and components. The very high level statutory levies like Central Excise and Sales Tax, the devaluation of the Rupee by 20%, regulatory measures like cash deposit for opening a Letter of Credit, increase in the interest rate of import credit are all bound to hike the cost of production which will render any investment in capital equipments beyond the reach of average mills. The impact of abolition of the Cash Compensatory Support and the insistence of imports through REP Licences will affect the profitability of exports and also increase the cost of imported inputs.

Government of India's liberalised Industrial Policy contains many bold initiatives like scrapping of industrial licensing, removal of mandatory convertible clause of term loans from financial institutions into equity, liberal approach to foreign investments etc. This is a welcome package. There is a greater reliance on the market, a bold attempt at deregulation and a desire for modernisation and globalisation.

On the other hand, the Budget served a few punches. The increase in Corporate taxation and the reduction in depreciation rates would result in increased tax liability.

However, I note with satisfaction that the Tamilnadu Government has taken initiative to give the much needed boost to the industries in Tamilnadu and I am sure the increased subsidy, tax holiday, deferment of Sales Tax will go a long way in this regard.

PERFORMANCE & PROSPECTS

Profits and Dividends

During the year under review, the Company has achieved a turnover of Rs. 269.53 Crores and a net profit of Rs. 15.91 Crores. These results were achieved mainly due to the flexibility in the product line, effective cost control measures at all levels in spite of an upward spiral in the cost of inputs.

Your Directors have recommended a Dividend of 30%.

Textile Machinery Division

Technology Upgradation : In line with its established policy of upgradation of technology, during the year under review, your Company has introduced new Mixing Bale Opener, Unimix and Bale Press and manufacture of advanced version of Open End Rotor Spinning Machine in collaboration with M/s Schubert & Salzer is on.

Customer Service : The Customer Service Cell is continuing its good work in spare parts sales, service and training of mill personnel.

Exports : During the year under review, your Company again set a new record with a turnover of Rs. 40.57 Crores.

We have bagged top level National Awards from the Textile Machinery Manufacturers' Association and Engineering Export Promotion Council.

Joint Venture

Government of India has approved your Company's investment in M/s Pugoda Textiles Lanka Ltd., Sri Lanka. The performance of the Mill is satisfactory.

Machine Tool Division

During the year under review, the Machine Tool Division has marketed 24 nos of CNC Lathes and Machining Centres. The products are well received.

Industrial Relations

Industrial relations throughout the year was cordial and the excellent results were achieved with the whole-hearted co-operation of employees at all levels.

ACKNOWLEDGEMENTS

The unstinted help and support we have received from the Central and State Governments, Financial Institutions and our bankers have contributed significantly to our operations. I gratefully acknowledge their assistance.

To my colleagues on the Board, I am grateful for their valuable advice and support.

I wish to record our regard to the memory of Padma Bhushan K. Sreenivasan, Director, who passed away on 5-7-1991. His advice and service to your Company will always be cherished.

Our Collaborators, M/s Rieter Machine Works Limited of Switzerland, M/s Mori Seiki Co Ltd of Japan and M/s Schubert & Salzer of Germany and our Selling Agents, M/s Voltas Limited, M/s Super Sales Agencies Limited and M/s Alfred Herbert (India) Limited have played their role admirably in achieving these results. To them I extend my heartfelt thanks.

In the final analysis, the vital resource in any organisation is its people. I thank the employees for their commitment for the Company's growth.

May Goddess Lakshmi continue to bless and guide us in all our endeavours.

Thank you all for gracing this occasion.

Note : This does not purport to be the proceedings of the Annual General Meeting

he final inspector

hn Naisbitt and Patricia Aburdene, n *Megatrends 2000*, sum up what they nd in seven years of research with this tement: "Recognition of the indi-ual is the thread connecting every nd described in the book." They talk of e age of the individual" and tell us that nen the focus was on the institution, ividuals got what suited the institu-ns; everone got the same thing. No re. With the rise of the individual has ne the primacy of the consumer."

here is an urgency to graduate from ss marketing to database marketing ... ting close to the customer. After all, basic quality mission of a company is make products (goods and services) ch meet the needs of the users. Such ducts can create sales while avoiding nage to society. This mission of satis-ng the needs of the users provides the iic definition of quality: quality means ess for use.

sponse-driven

ss marketing is synonymous with ativity-driven products, passive con-ners, advertising monologue and con-rmance to specifications. On the other d, database marketing is response-wen, involves active participation of consumers, requires contunuous con-ner dialogue and is based on "fitness use" quality.

SO 9000, while excellent for conformance to standards, does not address the subjects of customer-driven quality and continuous quality improvement

ndian companies wishing to export d to build their strategies around fit-s for use and capable processes, as op-ed to the restricted strategy of quality ndards such as the ISO 9000. ISO 0, while excellent for conformance to ndards, does not address the subjects customer-driven quality and contin-us quality improvement. In the final lysis, the latter achieves sales.

he ISO 9001, 9002 and 9003 stan-ds are applicable for external quality urance purposes for contractual situa-ns. ISO 9001 is to be used to ensure conformance to specified requirements during design and development, production, installation and servicing. ISO 9002 is used when only production and installation conformance are to be ensured. ISO 9003 is the least detailed standard and only requires that conformance in final test and inspection be ensured.

ISO 9004 contains guidance on the technical, administrative and human factors affecting the quality of products and services. This standard is for internal use only and is not to be used in contractual situations.

Essentially, the objective of ISO 9000 is to provide a customer an assurance that an appropriate management system is in place. However, the adoption of a standard does not change the contractual requirements, to produce a product or provide a service of the required quality. It only assures the customer that the supplier is following certain guidelines supported by documentary evidence that the quality requirements are being met, provided that all the rules are well implemented.

Also, the standards are common to all suppliers regardless of their industry base, their company size and what portion of the company is being registered. They are essentially generic in nature and represent the minimum requirements for an effective quality system to assure that the product will meet customer requirements. Therefore, are the standards a remedy for poor quality? Do they ensure that customer needs are being satisfied?

Unfortunately, the answer to both questions is no. This is because, as mentioned earlier, the standards are only guidelines to industry to follow a certain documentation methodology. They also do not specify how to document a quality system. In effect, the system does not ensure that its adherence will lead to quality leadership.

Trendy thing to do

In fact, many Indian companies would very easily qualify for the ISO 9000 accreditation as they already conform to nearly 75 per cent of the requirements. The only difficult part is getting the documentation right. It seems many companies are going in for the ISO 9000 accreditation because it is the trendy thing to do. In reality, there is no evidence to show that any company has achieved world-class quality simply through the application of these concepts. The accent is on ISO 9002 in India. Globally it is ISO 9001 and 9003.

Unfortunately, there is a widely-held belief amongst engineering industries, in particular, that all that is necessary to boost exports is to achieve ISO 9000 accreditation. Actually, the achievement of these standards should be seen as the minimum requirement to be successful globally. If a company is not capable of getting an accreditation relatively easily, then it is in serious trouble with regard to exports.

Are the standards a remedy for poor quality? Do they ensure that customer needs are being satisfied? Unfortunately, the answer to both questions is no

In sum, all the rhetoric of the ISO 9000 has to be seen in the right perspective. Quality standards can never be static if they are to be effective. Customer preferences and quality goals are constantly changing. Therefore, a company hoping to be best-in-class with regard to exports cannot pin its hopes only on the ISO 9000. It will have to address issues that pertain to continuous quality improvement and customer-driven quality planning in order to be really successful in a competitive changing world. Companies must realise that the final inspector is the customer.



SURESH LULLA

The author is managing director of Qimpro Consultants, the Indian affiliate of the Juran Institute, US, specialising in managing for quality

GUJARAT STEEL TUBES

Jammed tight between unions

On the morning of 15 July, the workers and staff of Gujarat Steel Tubes found the gates of the company's factory in Ahmedabad closed. A lockout had been declared by the management, allegedly triggered off by an illegal strike on the previous day by the new and as yet unrecognised union, the Gujarat Mazdoor Sabha. The lockout continues with neither the management nor GMS leaders willing to relent on their positions.

At the heart of the controversy are the six-month-old demands of the GMS, seeking recognition and implementation of a fresh charter of demands for the workers of GST. This, according to chairman and managing director Apoorav Shah, "is impossible" to accept. In effect, the new union was challenging the supremacy of the recognised GST Mazdoor Sabha, and the validity of an agreement relating to wages and other demands the latter signed with the management on 24 September last year. GSTMS president Ajit Khanderia, says, "The benefits under the settlement, valid for three years from 1 January 1990, are already being availed of by all the workers of the factory."

The current union trouble at GST has a spot of history behind it. In May 1990, after several failed attempts, white collar workers at GST were organised into the Gujarat Steel Tubes Employees Union by Mukul Sinha, a well-known union leader of the region. Sinha, a die-hard leftist and a practising advocate, strengthened his position in GST by negotiating a five-year wage settlement for the 405-member GSTEU in November 1990.

Seeds of discontents

"The terms of this agreement sowed the seeds of discontent among the shop-floor workers," says Sinha. The new remuneration package provided more perks to the employees owing allegiance to the GSTEU — including peons, drivers, watchmen and gardners. This was something the rest of the labour had failed to get through Khanderia's union. To get the workers, "who are certainly more deserving", similar salary terms, Sinha formed the GMS in January 1991. He says the union today enjoys the support of 900 of the 1,200-odd workers of the factory. Khanderia, of course, refutes that strenuously.

For the management, a deal with GMS would have meant further financial commitment to the tune of approximately Rs.65 lakh, over and above the additional burden of Rs.1.5 crore taken on i earlier settlement with GSTEU. For a pany already saddled with loss Rs.3.45 crore in fiscal 1991, this was order. "Add to this," says Apoorav S "is a recurring loss of turnover of n Rs.2.5 crore per month since Febr this year due to the labour u mounted by GMS."

On 31 January, say office beare GMS, the management made about workers owing allegiance to GSTMS natories to a new settlement of additi benefits. Sinha reacted with new co tions: either the management sits ac the negotiating table and agrees to election to ascertain the majority clai GMS, or it lifts the lockout uncondition and gives full back wages since closu

Uncompromising stands

Apoorav Shah's stand is just as unco promising. He says that, in Guja under the Industrial Dispute Act, it is mandatory for any management to r ognise a union. "We have been deal with the GSTMS in good faith and therefo the issue of recognition (for GMS) is valid," he claims.

Meanwhile, at the time of going press, the Ahmedabad High Court h admitted two writ petitions filed by on 23 August. The union had pleaded tion against the company, the state go ernment and the state labour minist Ram Singh Parmar. Says Sinha, "Our i formation is that the labour commi sioner has recommended a lifting of t lockout, which the minister is reluctant implement." An interim order passed a division bench of the High Court on th same day has directed the state gover ment to take a view on the matter befo 29 August, when the court will meet aga to give a final order on the matter.

For all practical purposes, this appea to be a fight to the finish. But the questio is: has GST's restive labour, caught be ween a conventional and not-so-generou management, as widely described by in dustry circles in Ahmedabad, and an ol static leadership in Khanderia, made th right choice in Mukul Sinha as the ne champion of their cause? Sinha, after all is considered a hardliner who "bargains in the spirit of I and we rather than us".

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Loading up, aiming high

harad Pawar hopes to make India a major player in the global arms azaar but a number of constraints could constrain him

ast fortnight, defence minister Sharad Pawar virtually sprung a surprise hen he announced at a press conference Bombay, the decision of his ministry to ter the global arms bazaar in a big way. efence exports last year were Rs.78 ore and is expected to reach Rs.120 ore in this financial year. Our target is reach Rs.500 crore in a few years, said e minister.

Though Pawar's statements raised any eyebrows, this is not the first time at the government is making its inten- on of entering the area of defence ex- orts in a big way. In late 1988, the then fence secretary, T.N. Seshan, had first nounced that such a move was being nsidered. Then defence minister K.C. nt had also let it be known that an au- nomous defence export corporation as being set up. When the Rajiv Gandhi vernment fell in 1989, the cabinet had fact cleared the proposal for produc- on and even had a name for it: Indian efence Exports Agency (IDEA). But un- able governments thereafter for a year d a half meant IDEA remained just that. ccording to official sources, the pro- sal, slightly modified, is once again be- re the cabinet and, given Pawar's new und interest, is expected to be cleared ry soon.

Interestingly, this is not the first time e government was showing interest in porting defence wares. In 1976, at the ight of the emergency, an export cell was created in the ministry of defence under a major general. He was given a free hand and within two years exports rose to Rs.25 crore. (The items sold and the countries to which they were sent are still classified secrets). But thereafter, some of the 'expenses' incurred by the general came under scrutiny and he was removed. His successors were too cautious in their ways and could not keep up the pace and the exports fell once again.



Pawar: enthusiasm and initiative

Even if the long-pending proposal is cleared shortly, India's forays into the global arms bazaar is not likely to be easy. The words 'defence exports' conjures up an image of combat weaponry. But of the so-called 'defence exports' of Rs.79 crore from the country in 1989-90, Rs.56.11 crore came from Bharat Earth Movers Ltd which makes mainly earth-moving equipment.

India's ordnance factories which are the mainstay of the country's arms production exported virtually nothing, although the latest annual report (1990-91) of the defence ministry says that a number of enquiries are flowing in from foreign buyers. "An export order of Rs.14 crore has been secured which will be executed in the next two years," says the report.

Additional secretary in the department of defence production, M.K. Abdul Hameed (Pawar was not available and defence production secretary N. Raghunathan was abroad) explains that there is no attempt by his department to hoodwink anyone. "The country is in the midst of a foreign exchange crunch and like other sectors the defence would also like to make its contribution towards augmenting the forex kitty. Therefore, an attempt is being made to export whatever is feasible from the defence sector. Moreover, with a resources crunch, it will be difficult to pay for the modernisation of ordnance factories without exporting part of their wares," he says.

The defence ministry has already made



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Ordnance factories: wrapped in mystery

Last week a delegation from the CEI met Sharad Pawar suggesting part privatisation of the country's ordnance factories or, at least, that the private sector be permitted to use part of the spare capacity of the ordnance factories. Pawar seems to have been quite enthused by the proposal and ordered the setting up of a committee to examine it. Interestingly, two years ago there was a move to privatise some of the ordnance factories. But nothing came of it. This time also nothing may ultimately emerge as defence ministry officials are not too keen on it.

Nothing much is known about the ordnance factories, which form the backbone of India's arms production set-up. This is because, quoting the Official Secrets Act, the government declines to reveal anything substantial about them. There are 39 ordnance factories located in different parts of the country. The first one was started in 1801 at Cossipore in Calcutta, and at the time of Independence there were 17 of them. The value of production of these factories, which are managed by an ordnance board located in Calcutta, totalled Rs.2,570 crore in the financial year 1990-91. This is up from Rs.1,609 crore in 1986-87, through Rs.2,338 crore in 1989-90. But the total value of investment is not known.

Wide range. The range of products of the ordnance factories include field guns, anti-aircraft guns, anti-tank guns, mortars, various small arms and ammunition for weapons and guns, rockets, projectiles, bombs, grenades, infantry combat vehicles, battle tanks, transport trucks, patrol vehicles, high altitude and combat clothing, leather items, parachutes, a variety of knitted and woven items, light floating bridges, etc.

Though the primary objective of ordnance factories is to equip the armed forces, they sell various kinds of equipment to the railways, public sector organisations like Coal India, the police and the BSF. In 1989-90 such sales amounted to Rs.58.90 crore.

Presently the ordnance factories are in the midst of a big modernisation programme. As many as 26 programmes involving an investment o Rs.2,897 crore are currently on. Ac cording to defence ministry source this will go a long way in reinvigora ing ordnance factories, but not every body is sure. Says G.C. Katoch formerly additional secretary and fi nancial advisor to the defence minis try, "The problem of ordnance factories is that many of them, espe cially the older ones, are grossly over manned and therefore productivity is low. However, qualitywise their wares are fine, because they have to match up to rigorous army standards."

And former heavy industries secretary D.V. Kapoor says, "Being departmental undertakings, nobody knows how much it costs to produce which items. There are no balance sheets and profit and loss accounts. Had it not been for the fact that the user and producer are under the same ministry, the army would probably not have bought the Shaktiman trucks rolled out of the ordnance factory at Jabalpur. Defence ministry officials however reject the charge that they do not have detailed costings but refuse to furnish figures.

a list of thrust items it will try and push into the export markets. This includes ammunitions, communication equipment, subsystems for aircrafts, airborne systems, uniforms, earthmovers and software. According to official sources, it has also been decided to participate in defence fairs and send delegations abroad to assess the demand for defence wares. A decision has also been taken to engage 'outside agencies' (euphemism for arms agents) if required. For the first time, even spares and stocks from the stores of the armed forces (in technical parlance called 'service inventories') are to be sold. But the ordnance factories have to undertake to replenish the stocks within a stipulated time frame.

But all this is hardly expected to realise Pawar's dreams. As G. Balachandran, a defence expert, points out: "The real money is to be made by selling hard arms but most of the items on the priority of the ministry seems to be of a 'non lethal' variety. And as far as the 'lethal' arms are concerned, like ammunitions which the government is prepared to sell, nobody in the country has real expertise to hawk them abroad." Projects Equipment Corporation, which is now the nodal agency for arms exports, has neither the expertise or infrastructure for this. Besides, there is also the question of providing finance to the buyer. Says Amit Gupta, a defence expert at the University of Illinois, "Major defence deals are linked up with credit, which we cannot afford to offer. This is another major constraint".



Defence equipment: sophistication suspect

G.C. Katoch, former additional secretary and financial advisor to the defence ministry, says that there could be another important constraint. Defence goods selling, he says, requires a certain amount of flexibility, including perhaps payments of kickback which might not be possible in the Indian government's case. But there is a way out. Says Jasjit Singh, director, Institute of Defence Studies and Analyses, "The Chinese example is instructive. They export $2 billion worth of arms every year. But most of them are through offshore companies they have set up in Hong Kong, some of them in partnership with foreign companies. This way, they ward off questions that may be asked within their own country on a mechanism to do so."

The other obstacle that could come in the way of exports is India's political leaning. India being a non-aligned country, a high sales pitch of weaponry must also require clearance from the foreign ministry. This is because, from the foreign policy angle, sales of weapons to some countries may not be desirable. So on the whole, despite his enthusiasm and initiative, Pawar does not have an easy task on hand.

■ KINGSHUK NAG



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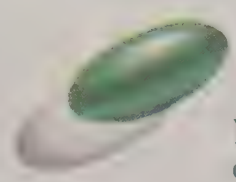
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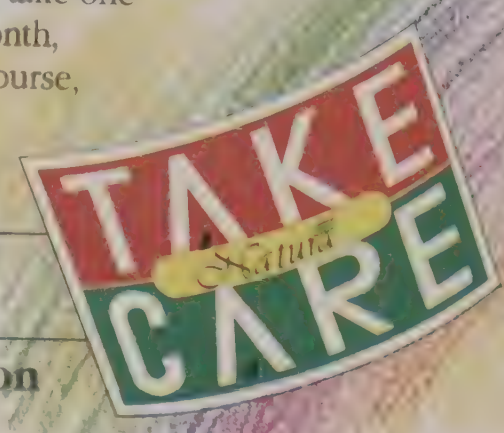


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AA COMMUNICATIONS

Orchestrated growth

he decade-old MAA Communications has emerged as Bangalore's ading one-stop ad-shop

ay was celebration time at MAA Communications. On its 10th anni-rsary, it toasted the fact that it is the rgest advertising agency headquartered the garden city of Bangalore. With a pitalised billing of Rs.25.50 crore in 90-91, MAA also epitomises the one-op-ad-shop fad that emerged in the ghties. Its spread of services (which the ency calls a communication orchestra) corporates financial advertising, public lations, video communications, spe-alised software and computerised ser-ces and direct marketing.

MAA has had a chequered history. Its ots go back to 1960, when Ayaz S. Peer-oy, former managing director of Hin-stan Thompson Associates, started



unty Peerbhoy: quick to enter new areas with growth potential

arketing and Advertising Associates in ombay. Having attracted some of the st advertising talent, Peerbhoy felt the ed to set up an office in Bangalore. His ns, Sajid and Bunty, handled the Bom-ay and Bangalore offices respectively.

echristening and after

May 1981, MAA split into two, with unty assuming independent charge of AA (South) and Sajid renaming the ombay operations Speer Communica-ons. The client portfolio too was bifur-cated regionally with southern accounts being handled at MAA (South). In April 1988, the regional focus was removed from its name and it was rechristened MAA Communications.

Capitalised billings in the last five years have more than doubled — from Rs.10.2 crore in 1987 to Rs.25.5 crore in 1990-91. Creative director Sadiqa Peerbhoy, Bunty's wife, regarded as a driving force behind MAA, feels that perhaps growth did come a bit too fast, too soon. "But," she says, "in the last three or four years, we've been trying to consolidate."

One of the agency's more successful and aggressive divisions is Corporate Voice, the specialist financial advertising cell set up in 1985. From billings of Rs.23 lakh in the first year, the total business of this division has grown to Rs.1.97 crore. B. Madappa, president, Corporate Voice, asserts, "We are no longer a regional operation." Industry observers, however, say the agency has yet to acquire a national profile.

While several new companies have sprung up and a handful of others have relocated their headquarters in the city in the eighties, MAA has maintained its client portfolio comprising mainly old faithfuls, TTK group, Lakshmi Mills, Canara Bank and Enfield. TTK is the oldest client, its Prestige pressure cooker and condom accounts being handled by MAA all these years. Big spending multi-nationals like Brooke Bond and Lipton have stayed with their own agencies.

Industry insiders differ widely in their assessment of MAA. Amongst the ad-mirers is Anil Karumbaya, regional di-rector, Dattaram Advertising. "Bunty has always been quick to identify and en-ter new areas which hold a potential for growth," he says. However, S. Banerjee, director, R.K. Swamy, feels that the agency has grown erratically in the past few years.

Bouquets and brickbats

Indeed, not all MAA's subsidiaries are performing well. For example, the public relations division set up in 1987 has not quite taken off. Bunty's defence is that "clients are not prepared to spend on this activity." In contrast, the two-month old direct marketing division has signed some major contracts, in banking, heavy engi-neering, computer software, telecom-munication and garments. Odyssey, the full-fledged video production unit, broke even in 1989-90 with a billing of Rs.1.75 crore, followed by Rs.3.5 crore during 1990-91. The three-month old print and production division has picked up busi-ness too.

At present the agency is exploring a less developed segment, RAMMS — retail adver-tising, merchandising and marketing ser-vices. Kumar Vaidyanathan, manager, operations — RAMMS, explains that apart from advertising the retail outlet, they will be dealing with in-store promotions and store-image exercises. Much of the advertising churned out today fails to motivate the potential customer to make a bee-line for any particular store. Is MAA banking on the right business? R. Sridhar, vice-president (south), Mudra Communications, reckons that in this area, Bangalore has more potential than any other cities in the south.

As the agency gets set to expand its net-work beyond its southern stronghold, the lessons learnt from the past should chart its future course. As Bunty asserts, "We don't want unplanned growth. Nor do we want to bite off more than we can chew."

■ DEVAPRASAD PUROKAYASTHA

Setting the pace

S. Venkitaramanan, the governor of the Reserve Bank of India since December 1990 is not among the more high-profile of the distinguished men who have headed the country's central bank. But his tenure comes at a very crucial juncture with the economic crisis facing the nation and the momentous changes that are currently under way. Six years ago in 1985, when the Rajiv Gandhi government embarked on an economic liberalisation programme, the 60-year-old administrator played a key role as the country's finance secretary. In a rare interview to the press, he took time off last fortnight, between negotiating with the IMF and inaugurating the Canbank Factors limited, to speak to *Business India*'s Alpana Killawala on a wide variety of issues relating to the economy, the Reserve Bank and his role as its governor at this crucial juncture

Now that you have seen the banking system from inside, what according to you are the most glaring problems facing it?

The first problem is that our banks are undercapitalised. The capital needs to be raised from the current 4 per cent of the asset value to 8 per cent. This means that the additional capital will at present have to come from the government. But the government in turn wants to retain this capital (as additional SLR). Thus, it will not be an effective addition to the equity. I personally feel that we should adopt the financial engineering technique adopted by France, which is quite innovative — of having cross holdings. President Mitterand was caught in a dilemma of two no's: no nationalisation and no privatisation. When Credit Lyonnais faced a problem of inadequate capital, they asked the state-owned automobile giant Renault to hold shares in Credit Lyonnais and took shares in that company in return. There were no ideological barriers in letting banks hold shares in companies. As a result, Credit Lyonnais now has a good equity base and there is no cash outflow.

Secondly, the work culture is poor, from the point of view of staff and atmosphere. Some people mistakenly think that public ownership gives everybody a right to intervene in the functioning of banks. The board of directors also sometimes intervenes in banks' day-to-day management. Then again, the management too faces difficulties, as there is no definite yardstick to measure their performance. Transparency, accounting standards and performance criteria are urgently required for banks.

How do you propose to overcome these constraints?

My predecessor had started action plan meetings with bank managements. Structural problems of the banks like capital inadequacy and accounting norms are being covered by RBI instructions. As regards inspection and supervision, the RBI has set up a special group to ensure that the inspection of banks is improved.

Who are the members of this group and what are its terms of reference?

There are some in-house people in the group, and also some expert bankers. The group is also advised by a few auditors. It will look into models available abroad and will talk to other central banks to check their experience. The idea is to make the supervision machinery function better and equipped to handle incipient cases of weakness in banks before they become endemic.

Is there any time-frame in front of the group?

The group was set up in May and we should receive its report by September.

Many bankers think your action plan meetings amount to interference by the RBI.

Initially, I think, these meetings had a role to play. But action plans were not visualised to be an instrument for interference. For action plan meetings, we set certain broad targets. We have continued these meetings as review meetings as review meetings to familiarise ourselves with the problems of banks. It is true that the RBI should not look at individual loans.

How do you propose to improve the inspection and supervision of banks?

It is not that we do not have an established inspecting system but at times they are at too long intervals and have not been able to detect critical cases. I believe managements should have the freedom to function independently but there should also be proper inspection and supervision. Autonomy accompanied by adequate supervision should be the order of the day. And those who do not perform should be dealt with. If there is interference in their functioning all scope for innovation is lost.

Inspection and supervision should be done

An IAS topper from the 1953 batch, the 60-year-old administrator is an M.Sc. from Kerala University and holds a post-graduate degree in Industrial Management from the Carnegie Mellon University, Pittsburgh, US



by people who are themselves accountants and know banking methods. They should concentrate on real issues and not merely on procedures. That will bring in responsibility. And that can happen only if there is no interference.

This also goes hand in hand with what I have suggested earlier: a re-look at the role the RBI and the government representatives have to play on the banks' board of directors. A controller cannot be on the board. If a controller is also on the board then he will have a tendency to interfere in the bank's functioning.

The point is that no system can be foolproof. There are bound to be some failures. If supervision is perfect, risk of failures could be averted. Perfect supervision requires perfect information and predictability. If that existed then the Bank of England would not have had problems with the BCCI and the Fed Reserve would not have had an S&L crisis. These cases show that crooks can circumvent all rules. But I agree that the supervision has to become more alive to such possibilities. Supervision is necessary regarding the purpose of loaning, loan policy of banks, their loan appraisals. Supervision should be more purposeful and not a mere routine exercise.

You are known for your favourable approach to liberalisation. But the banking sector is yet to experience the speed in liberalisation with which you are identified.

Why do you say that? We have lifted a number of restrictions. We think banks should function according to their commercial judgement. We do not interfere in banks' functioning in a detailed fashion now. Nor did my predecessor. But our credit policies have had to become tight because of the current financial situation. By liberalisation we mean that the bank managements should be allowed to freely operate. We have tried to enlarge the sphere in which banks can function. We have, for instance, liberalised branch licensing policy and allowed swapping of branches. While framing this policy we have to move along with government policy. Similarly, on loan sanctioning I do not think there is any RBI control. Banks are also allowed to open subsidiaries provided the activities they take on are not totally unrelated to their main activity.

I don't think that you can identify a person to be liberal or not liberal. One has to change in relation to circumstances. I think being liberal is not only one's mental attitude but depends a lot on the system. Perhaps, bank chairmen would be in a better position to answer this question.

In the past few years, mutual funds, particularly ones which are bank subsidiaries, have succeeded tremendously in garnering public savings. How do you think they should be regulated?

The mutual funds, though not regulated by the

RBI, are regulated by the SEBI and they operate on the basis of the draft guidelines issued by it. True, the RBI, as the monetary authority, cannot wash its hands off mutual funds. The line between the RBI and SEBI should be clearly demarcated. SEBI has been created to regulate mutual funds and the stockmarkets. But so far as banks are responsible for the mutual funds sponsored by them, the RBI will also have to get into the act, as the funds might then fall under the ambit of banking regulations.

The overlap in the RBI's and SEBI's functions will have to be sorted out through a dialogue and I am sure that is taking place.

Besides, being the monetary authority, the RBI still has to have control over the movement of funds.

Yes, the RBI should lay down broad monetary policies and guidelines. The detailed supervision of mutual funds should necessarily be with SEBI. The central banking authority does have the right to call for information from non-banking financial companies but this should not be overdone or, otherwise, the RBI system will become overloaded. The right to call for information should therefore be clearly defined.

Growing disintermediation has reduced the banking sector's importance in the past two years.

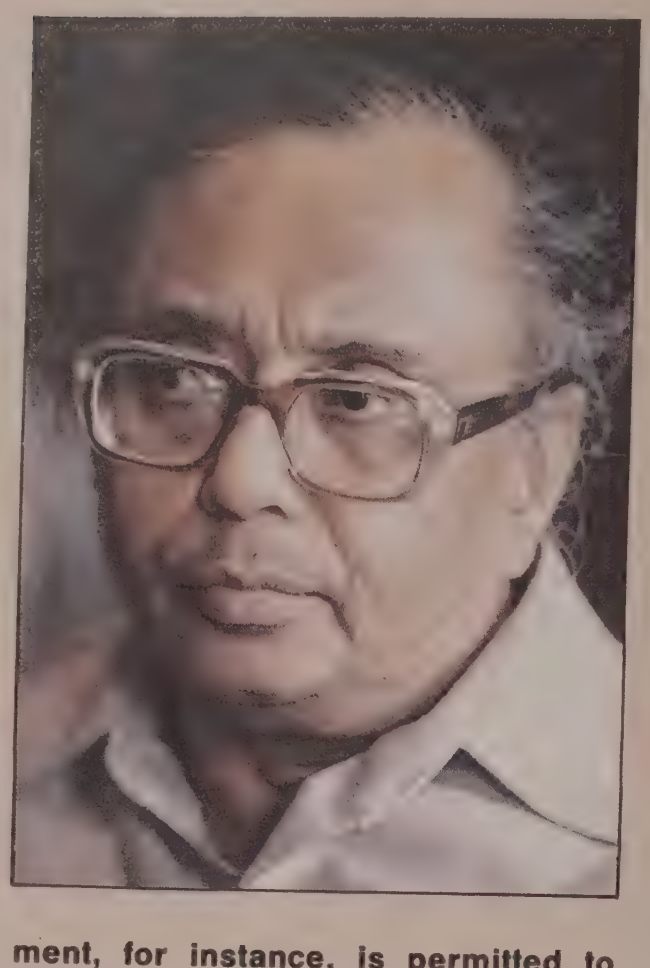
I would not say that. The magnitude of bank deposits is still very large.

But that is because there is a large untapped potential, especially in the rural areas. The growth rate in bank deposits has clearly shown a declining trend in the past two years.

That is because there is no level playing field.

How do you propose to rectify this?

The answer to that lies with the Narasimham Committee. But everywhere, the saver has a menu of options to choose from. And I don't think one can compel the saver to choose any particular mode of saving. Banks have certain rights which the mutual funds don't have. We must allow the saver a variety of savings options. From the depositor's viewpoint, I think mutual funds are a good development.



The present policy seems to discriminate against banks. Portfolio management, for instance, is permitted to brokers but not to banks.

The basic objection of the RBI to portfolio management by banks is that if banks are allowed this, it would clash with interest rate discipline. But I am willing to look at it.

How do you propose to give more autonomy to banks?

Autonomy for banks should come from both the government and the RBI. This is at present being looked into by the Narasimham Committee.

How is the selection done for top slots in banks?

We try to choose from the best. We look at the talent available within the industry and we also look at experience available outside. To the extent possible, we try to get somebody from the industry itself so that the people inside don't feel neglected. We try to reward good performance also. There is a need for a succession plan in banks. This, again, is a matter for the Narasimham Committee to look into.

There is a lot of debate on privatisation of banks. What is on the cards on this front?

Basically, we are not in favour of privatising banks. Given our social imperatives the ownership of banks cannot change. And politically too, it does not seem likely. But we would like banks to be more open to pressure from consumers and depositors.

How do you view our current econo and balance of payments positions?

Relaxation of import and credit curbs pends on macro economic developme The economy as a whole is a net impor Net imports of goods and services ar the extent of $7 billion every year. The nance minister is trying to set the ba ground for a radical transformation increase exports. And if necessary, to crease imports. But this will be a functi of price. What we are doing now is, in absence of adequate tools, adopting broad brush approach to cut down i ports. We are protecting debt service, troleum and other essential imports a have cut all other imports through impo curbs. Yet, in the long-term, we know t can be harmful if continued. Once the serves are built up, then we can allow t curbs to roll back and exports sur forward.

The present measures are only settin the stage. Productivity and modernisa tion have a role to play. Balancing equip ment is also needed, as creating ne capacity by itself is not adequate. W need to add to our exchange reserve Foreign direct investments are not th only answer. FDIs are necessary insofar a we want to add to the reserves in a man ner that does not add to our debt lia bilities. If there is a pool of $50 to 6 billion of FDI floating in the world, w should get our share. The world is no waiting for us.

How do you view the current attitude o the multilateral donor agencies towards India?

They, including the IMF and the World Bank, have other demands. For the last six months we have been trying to restore India's past status with the international lending community. And with the measures that we have taken so far, I am sure, it will not take too long to recover our credibility. Some of the steps taken will reverse such capital flight as there has been.

Right now we are in a crisis management situation. We are more like a traditional cash manager with an eye towards the till. Until that is changed, our approach cannot be broadbased. The measures taken so far are necessary but not enough. Many further measures are needed still. The productivity of the services sector has to improve, as also of the entire economy. For this a very flexible and innovative approach is required on the part of the government, the banks and politicians.




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DOWELL & CO

Piggyback strategies

e company's brand extension strategies have added to the success joyed by its whisky

he marketing men at Bangalore-based McDowell & Co are on a bit of a high ese days. After all, they pipped their mpetitors to the post last month, when ey hit the Indian made foreign liquor rket with a packaging first: polyylene terephthalate (PET) bottles. And me September, McDowell's various ands of whisky and brandy will be dily available in these light weight, unakable containers that are preferred rldwide — even by the likes of Chivas gal and Johnny Walker.

The launch of the new pack, caps other achievement. This year, the comny's best-selling whisky, McDowell o.1 joined the ranks of leading world ands like Suntory and Johnny Walker ack Label, when it earned the distincn of having sold more than a million ses.

orking wonders

deed, the overwhelming success of this and prompted the company to extend brand name to its brandy and rum as ll. This brand extension has worked nders on the sales figures, according to alyan Ganguly, McDowell's senior e-president for sales and marketing. The image of McDowell No.1 has bbed off on our rums," he says.

This is no coincidence; it is a result of anned piggyback marketing strategies. eticulous preparation preceded the unch of McDowell's rums last October rough the company's vast 21,000ong dealer network. Long considered a wn-market drink, rum was beginning get popular with the yuppie crowd. quor manufacturers were quick to spot e new preference.

McDowell's president, S.S. Gandhi ys that this trend prompted the comny to commission the Indian Market esearch Bureau to undertake a survey. e findings provided positive pointers. unger people were swinging towards e armyman's favourite drink and they re also convinced that quality-wise dian rums were good enough. As a conquence the demand for rum was grow- at a steady clip, 10 to 15 per cent nually. And, as Ganguly says, "We felt that there was scope for expanding the market."

The launch of McDowell No.1 Celebration rum was perfectly timed too, as a spokesman of arch rival Khoday Distilleries, points out. Khoday's Hercules, the reigning brand in the rum segment was facing supply constraints and there was a vacuum in the market. Also, as it happened, Mohan Meakin the manufacturer of Old Monk rum, was preoccupied with staving off a takeover attempt by the Delhi-based Jagatjit Industries Ltd.



Rum was beginning to get popular with the yuppie crowd. McDowell's president S.S. Gandhi says that this trend prompted the company to commission a survey. The findings provided positive pointers

Unsurprisingly, tipplers took to the new brand right from the start. It sold 150,000 cases in the first six months alone, with Kerala and Maharashtra accounting for the bulk of the sales. In recent times, other liquor makers following McDowell's trail have taken the rum route. But industry observers are not convinced that the market will expand very much more.

U.B. Bhat, marketing consultant with H. Dasappa & Co, a liquor company in Bangalore, does not think that McDowell has been a runaway success in the rum segment. He points out that McDowell's ambition of expanding the rum market has remained just a fond hope. Volume sales haven't jumped dramatically and the market size has remained at around Rs.65 crore.

Ganguly, however, asserts that McDowell has sold twice as much as it had expected to; a total of 175,000 cases against a target of 80,000. In fact, the success of McDowell No.1 Celebration prompted the company to launch the well-accepted white rum called McDowell No.1 Caribbean.

Having pulled off the brand extension on rums, McDowell's marketing team is putting the finishing touches on yet another. On the anvil are two more launches, that of gin and vodka. These too will be in the McDowell No.1 brand category. The McDowell marketing team obviously believe it's better to have one too many.

■ DEVAPRASAD PURKOYASTHA

RETAILERS OF MADRAS

Selling middle-class dreams

The consumer boom is alive and well in Madras — thanks to a trio of enterprising retailers and their innovative selling ways

Marketing pundits have been prophesying doom for the consumer durables industry this year. Seeing inventories pile up, manufacturers of televisions, refrigerators, air-conditioners and the like have begun pruning their production as well as sales targets. In these hard times, the logic goes, the hard-up consumer will postpone all major buying decisions.

So much for conventional wisdom. For in the southern city of Madras the consumer boom is alive and doing quite well. V.G. Paneerdas & Co (VGP), Vasanth & Co, and Vivek & Co, the city's three major retailers are thriving, as consumers continue to flock to their numerous showrooms. This trio has no dramatic dip in sales to report and they doubt whether the bust is indeed round the corner.

They should know. The past decades have seen them emerging as the retail monarchs in their southern citadel. They have both watched and contributed to the growing yearning of the Indian middle class for a better lifestyle. Such aspirations have been translated into demand for those very products that these retailers have to offer.

The owners of all three migrated to Madras in the fifties and sixties with little or no capital and certainly without any formal training in the nuances of marketing. Native intelligence and a burning ambition to make good was all they had going for them. Today their modest beginnings are a thing of the past with manufacturers vying for space on their showroom shelves. Says L. Ganesan, managing director, Citizen Washing Machines, makers of the Washotex brand, "They are important dealers who sell on their own reputation."

The pioneer amongst them is V.G. Panneerdas who, along with his brother V.G. Santhosham, moved to the big city to seek his fortune in the fifties. Today VGP has four large retail outlets in Madras, eight in smaller towns in Tamil Nadu and a showroom each in Bombay and Bangalore. The range of products that they sell is vast, from pots and pans to the biggies — VCRs, washing machines and refrigerators. The combined turnover from their stores last year was Rs.30 crore

They started out small, as tea-owners. Their clientele was largely the lower-income group and the bro noticed that people had a strong desi purchase but not the means to do s 1955, recalls Santhosham (Panee died a while ago), the VGP brothers st upon the idea of selling timepieces o instalment basis. Each timepiece priced at Rs.16, with a down paymer Rs.4 and six monthly instalments of R They went door to door on their bicy offering this deal.

The response was overwhelming. soon their customers started clamou for more goodies. A years down the road, brothers felt the need establish a showroo Scrambling around funds, the enterprising rustled up Rs.10,000 purchase their first re outlet at Saidapet, which those days was conside a low-level suburb Madras.



Photos: Ravi Shankaran



Santhosham of VGP: the retail monarch of the south

Business grew steadily. A major turn ing point came when the VGP brothe landed the Murphy radio agency in 195 (eternally grateful, Santhosham ha named one of his sons, Murphy Das). Fo the next ten years or so VGP consistentl won the first prize for Murphy's all-Indi sales. The brothers found various innova tive ways of promoting their products They were the first in Madras to hire wal space along the railway stations to adver tise. They conducted what they cal "mobile fairs" — they filled mini van with treasures like wall clocks, pressure



santh: ever willing to implement different ideas

okers and irons, and roamed the rural artland.

Over the years, many VGP employees ve branched out on their own. The ost well known is H. Vasanth Kumar of santh & Co. "My inspiration is VGP," mits Vasanth candidly. In the early enties he began his career as a door-to-or sales canvasser for VGP. By 1978 he d decided to strike out on his own. His pital: a bicycle and a Rs.8,000 loan. To-y he is the proud owner of 15 show-oms, seven in Madras and eight others attered in Tamil Nadu, Pondicherry d Bangalore. His sales turnover for 90-91 is Rs.14 crore and he hopes to uch the Rs.20-crore mark this year.

"I started with selling wall clocks, fold-g tables and chairs," he recounts. Clon-g VGP, he too offered these on easy stalments. A couple of years later asanth started fabricating steel furni-re in a small shop. The eighties, being e boom period for TVs, saw Vasanth tempting to add them to his product nge. "Between 1982 and 1985, I ocked at the doors of Dyanora and lidaire dozens of times. In 1983, the anaging director of Solidaire relented d gave me a dealership in some far ng suburb of Madras," he recalls. To-y he is the largest dealer for Solidaire. ys Ravi Prasad, director, marketing, lidaire, "Vasanth has this burning de-e to prove a point and break all re-rds. He is ever willing to implement different ideas." By 1985 various other dealerships began to come his way without too much struggle.

The innovative tack that Vasanth took was to go for institutional sales of consumer durables by tying up with a finance company, the Coimbatore-based Sakthi Finance. Vasanth's major breakthrough was when he sold 900 colour TVs (CTV) to Ashok Leyland for Rs.90 lakh. Riding the boom, Vasanth was able to get bulk orders from government departments and co-operative stores. The boom was shortlived, he admits candidly, and ended when buyers began to default on payments. Consequently, the ratio of 60 per cent institutional sales and 40 per cent cash sales in the eighties is now reversed and bulk orders account for only 25 per cent of total sales.

The other retail success, Vivek & Co was started by B.A. Lakshmi Narayana Setty, a young engineer from Karnataka who moved to Madras with a similar dream of making good. In 1965, Lakshmi Narayana set up a small appliances shop which stocked a mix of products like irons, folding chairs, tube lights and so on. The shop was located in the crowded Royappettah area which was full of small traders and provision shops. Unfortunately, Lakshmi Narayana died young, and it was left to his four brothers to build up the business. Today Vivek & Co's three large showrooms in Madras have a sales turnover of around Rs.18 crore.

Narayana's elder brother, B.A. Kodandaraman, who eventually left his home state to pitch in with his brother's fledgling venture recalls the old days. Their big pitch was to collect instalments on a daily basis. "If a product cost Rs.100, we would collect one rupee a day." This apparently caught on in a big way. Later, when the entrepreneurs tried to expand, they too faced problems securing dealerships and were, in fact, turned down more than once by Usha. "Today dealerships come knocking on our doors," says Kodandaraman with a smile.

Between 1969 and 1980 Vivek opened three big showrooms in Madras. The pride of their chain is clearly the one at T. Nagar which is a total of 30,000 sq feet spread over three floors. It was inspired by Kodandaraman's visit to Singapore and he says that it marks "the change in our focus from quantity to quality." In 1989 their show piece got the best IMM Bajaj display award, a fact Kodandaraman takes great pride in.

Vivek's unique selling proposition is its New Year sale. On that day, products are offered to consumers at cost price. So popular is Vivek's New Year sale that customers start queuing up from the night before. On New Year's day this year, Vivek notched up record sales of Rs.120 to 150 lakh in 10 hours.

The growth and success of these retail ventures is in step with that of the consumer durables industry in the country. During 1965-66 Vivek had an annual turnover of just over a lakh of rupees. Today daily sales average around Rs.6 lakh. Refrigerators which were a luxury item during the seventies are considered necessities today. The buying preferences of the middle class, these retailers all concur, is colour TVs, refrigerators and washing machines, in that order. Of course, pressure cookers, mixers and steel furniture are perennial sellers, but the products of the future are washing machines and microwave ovens, they all feel.

Over the years these retailers have seen their margins being compressed. The

customer is more savvy and always on the lookout for a bargain. Santhosham recalls the days when radios used to command a 30 per cent margin. Vasant remembers buying wall clocks for Rs.125 and selling them at Rs.225. Compare



Kodandaraman: dealerships come knocking at the door

that, he says, with the 2 per cent they get on colour TVs today, though of course a CTV is a much higher priced product. "We make a gross profit of 6 per cent and a net profit of between 1 and 2 per cent," says Kodandaraman. The drop in margins have been made up by pushing up volumes. Instalment sales account for a quarter of their total turnover.

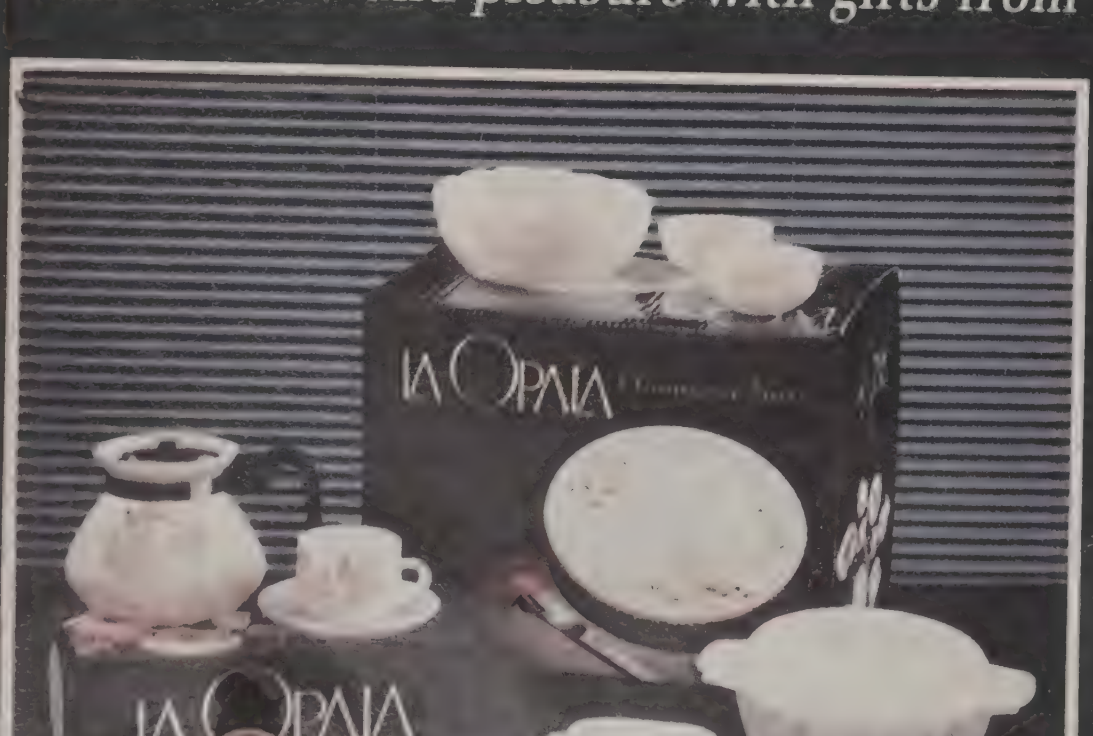
These are all tightly-run organisations with the owners willing to put hours of work a day. Their su lies in the fact that they unders their customers, have excellent vassing and collection machi They all have their own hire chase and leasing companies to their products on instalm though such sales account f fourth of their total turnover.

These retailers operate on gut rather than on scientific analysi sophisticated research. Custon walking into their stores, wh range in size from 2,000 square to 30,000 square feet, can be assu of a friendly, personal service, w the owner himself being qu accessible.

All three retailers have expand much beyond the narrow bases fr which they began. VGP has mov into real estate and hotels. Vasan is into poultry farming and Vivek realising an American dream: co structing a 60,000 square foot supe market. What remains unchanged is th business philosophy which they still su scribe to: make people spend money b without cheating them.

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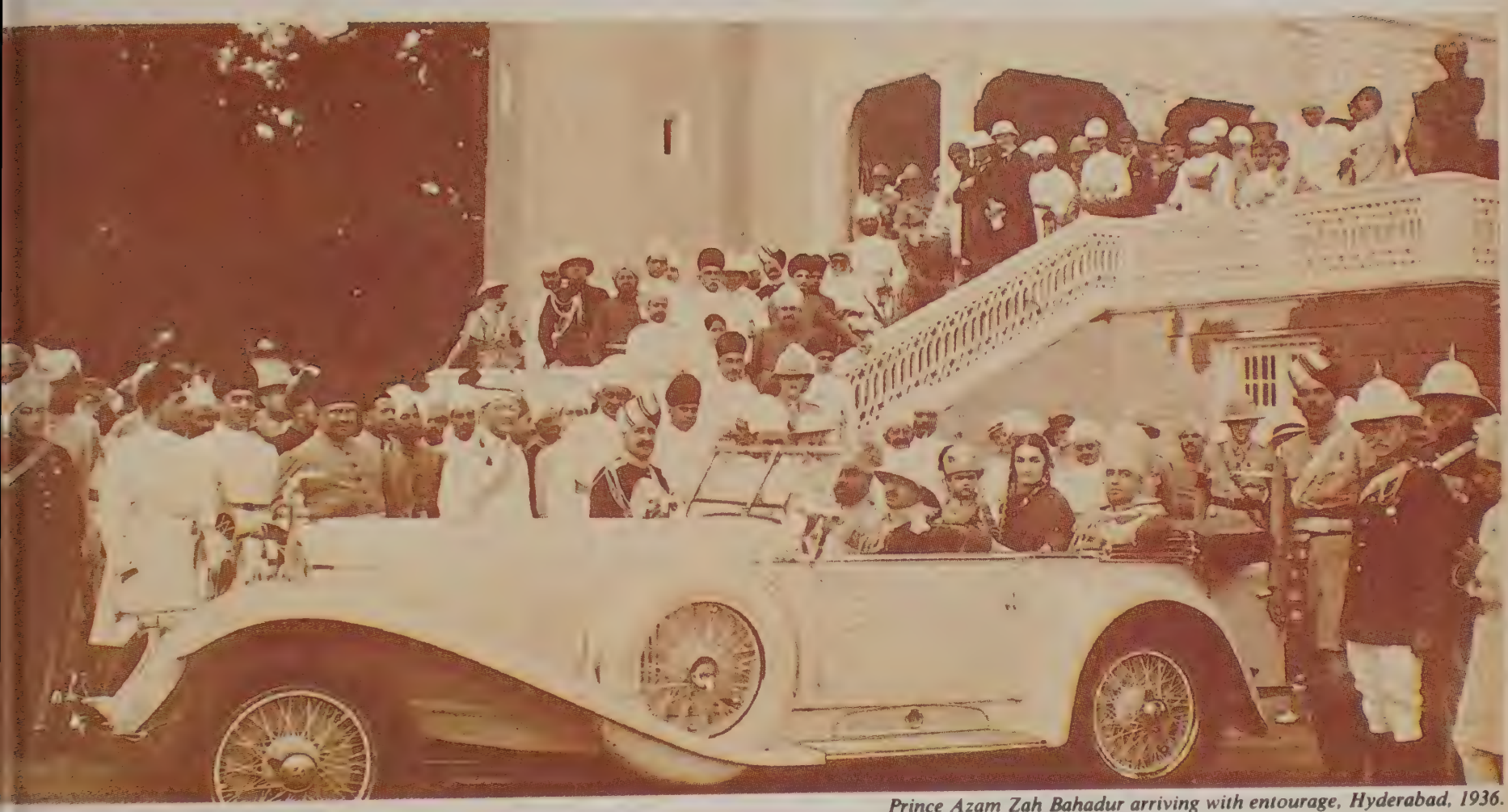
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ST BENGAL FISHERIES

bountiful harvest

a state where even established industries have not performed well, the eries sector has and now West Bengal is going all out to exploit tively untapped resources

est Bengal is today the number one state in fish production in the coun- Yet, till about the early eighties, pro- ion of fish was low. Recently, nmoy Nanda, the West Bengal fish- proper planning. We started with a proper strategy for development." It was about this time too that an inland fisheries project was launched with World Bank assistance. The scheme was from a meagre 1,582 in 1981-82.

"In 1990-91, West Bengal's total fish production came to 680,000 tonnes with a per hectare productivity of two to three tonnes. By Indian standards this is the highest," says a beaming Nanda. What he is really happy about is the state's achievement in the production of marine fish as well. Says Nanda, "The coastline in West Bengal, as you know, is only 80

Photos by Goutam Chatterjee



nkarpur fishing harbour in West Bengal: high productivity despite the limited coastline

s minister walked away with the tro- for achieving the highest ductivity in the state's fisheries sector, he National Productivity Council's ual award giving ceremony in New hi. Needless to say, West Bengal won prize for the fifth year in a row.

n a state like West Bengal where sev- established industries have not per- ned well, the fisheries sector has had eptional success. "There is nothing sterious about our success," says nda, "till about the late seventies or y eighties, the fisheries sector had no launched in five states simultaneously — West Bengal, Orissa, Madhya Pradesh, Uttar Pradesh and Andhra Pradesh.

But according to Nanda, West Bengal snapped up the lion's share (almost Rs.90 crore) of the Rs.150 crore allotted for the scheme, "because we had well-defined plans and programmes which we efficiently translated into action". When the scheme was launched in 1981-82, the total water surface area that was covered was 168.34 hectares. Today it is 79,667.38 hectares. The total number of beneficiaries has also crossed the 250,000 mark km. With this limitation, we have produced 125,000 tonnes of marine fish. This again is the highest production." West Bengal has also achieved the highest production in marine fish for the second consecutive year.

The turnover of this sector in West Bengal has grown tremendously too. Today the fisheries sector accounts for a business of Rs.1,300 to Rs.1,400 crore. "This undoubtedly forms a very important part of the state's agricultural economy," says a senior officer of the state fisheries directorate. Remarkably, from

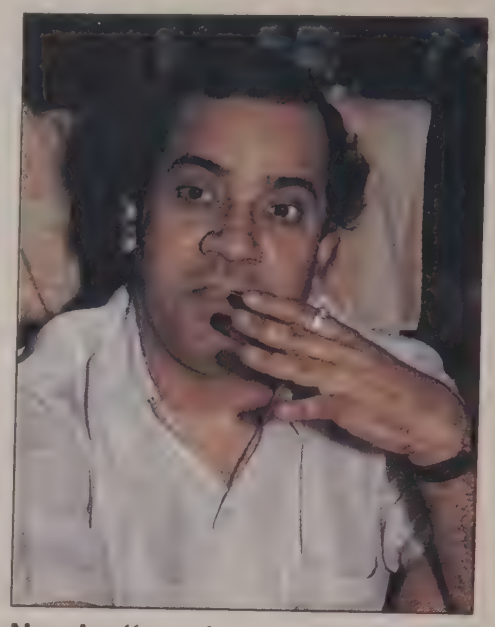
exports alone, the state earns about Rs.100 crore. "In 1990-91, we have exported Rs.98 crore worth of prawns, mainly to Japan," adds the senior officer. Now, with the present government emphasising exports, fisheries will naturally be a thrust area in the coming years.

The ultimate objective of the state government's plans and programmes is the maximum use of available water resources. These include social fisheries, wetland preservation, and the rehabilitation of poor fishermen. Says Nanda, "Under the social fisheries scheme which we launched three years ago, our principle has been to breed fish wherever there is water." The Inland Fisheries Act 1984 permits authorities, typically village *panchayats* in this case, to take over the possession of any fallow water area that is lying vacant and lease it to fish farmers for 20 years.

But what has boosted production most is the emphasis on wetland management by the state fisheries department. With water resources the world over declining steadily, the department has striven to create an awareness that preserving water resources is synonymous with maintaining an ecological balance. Since 1987, the state government has been observing the first day of the Bengali month *Ashar* (generally 15 or 16 June) as wetland day.

This apart, there have been concerted attempts to improve fish farming technology. An integrated approach has been used. Extensive training programmes have been introduced at three different levels (blocks, districts and state) — 15 days at the block level, one month at the district level and three months at the state level. Trainees are taught to manage fish ponds, determine the right water levels in which particular species flourish, and construct different types of tanks for different varieties of fish. The state has trained 149,488 farmers so far. Yet this number is not enough if the Eighth Plan target of 900,000 mt of fish production has to be met. To boost production, fish are now harvested in three lots a year — just as agricultural crops. "Until recently, fish were caught mainly during the monsoon. But now our idea is to breed fish throughout the year. Broadly three cycles have been fixed for fish production; March-June, July-September and October-February," says an officer in the fisheries department. Different varieties of cross-bred fishes are grown during non-traditional periods. Three to four different species of common carp, like gold, silver and grass carp are very popular.

The West Bengal fisheries department which has a budgetary allocation of Rs.11-12 crore a year has different financing schemes for different categories of farmers. Also finance flows from nationalised banks under refinancing arrangements from NABARD, and the National Cooperative Development Corporation. Financial assistance is given to farmers to help them acquire the latest fishing devices like mechanised boats and other requisites.



Nanda: "emphasis on strategy

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tion of aerators in a pond. The fish
department will finance these mach
and the fishermens' cooperative will
it.

Says Nanda, "Our motto for the



Aerator machines: the latest in pisciculture technology

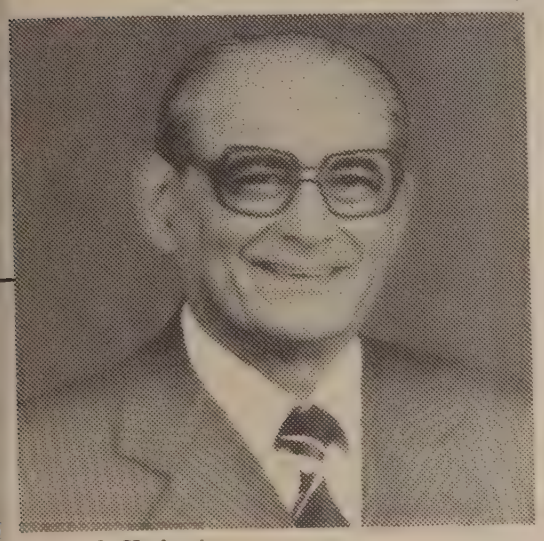
At present, there are over 7,000 mechanised boats in operation, mainly in the two fishing harbours at Shankarpur in Midnapore (built at a cost of Rs.6 crore) and Frezarganj in the south, 24-Parganas (cost, Rs.4 crore). The majority of these are financed by the government under one scheme or the other. The department is also financing the introduction of aerator machines in the state. This mechanism is the latest in fishing technology in the

eries sector has been: create employmen
uplift the rural economy, maintain ec
logical balance and grow more protei
food. We have been successful so far. Bu
this is not the end; we have to go ahead
and achieve more." Given the revival i
the fortunes of the sector over the last de
cade, it looks as if the favourable out
come Nanda hopes for is a definit
possibility.

■ KAVERI MITTR

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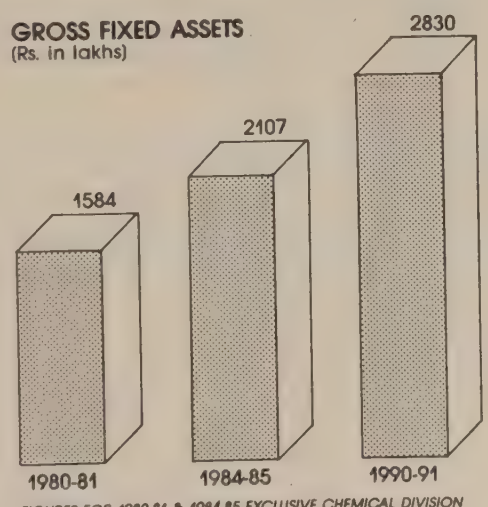
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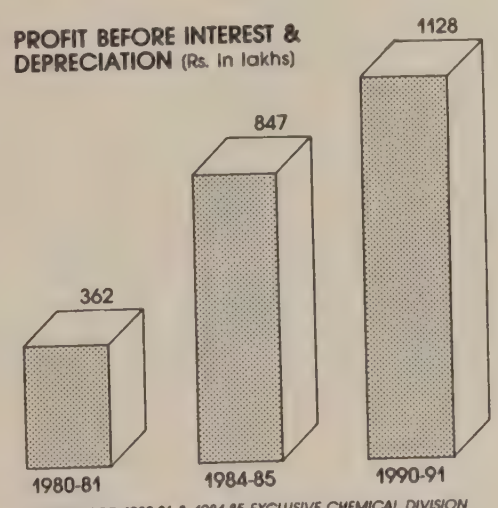
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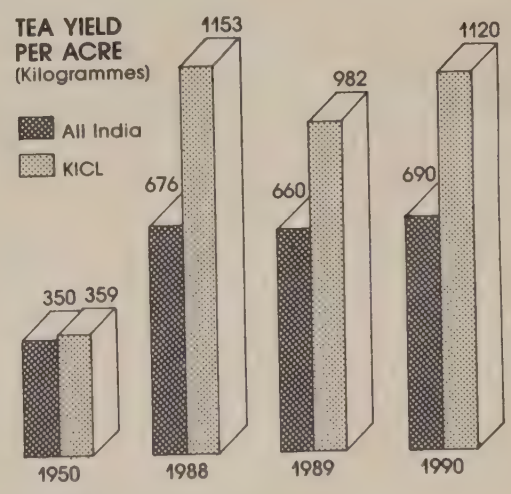
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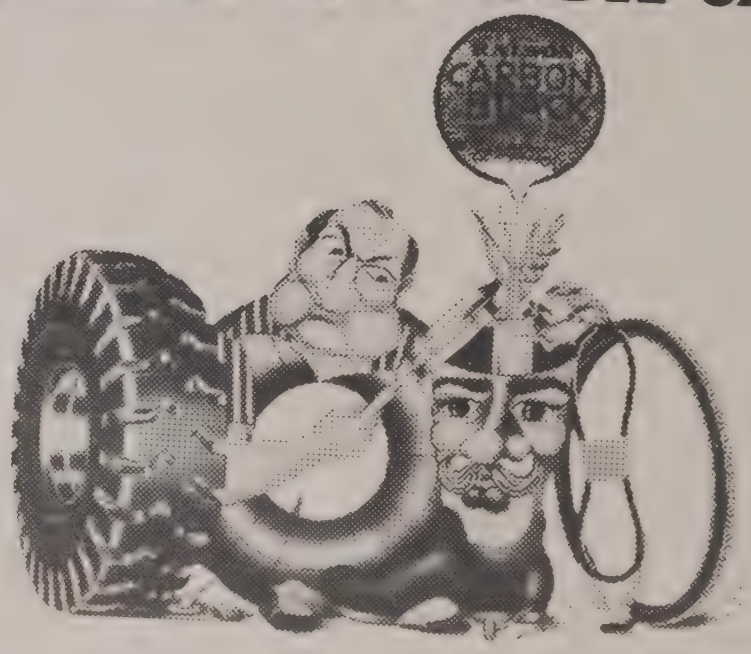
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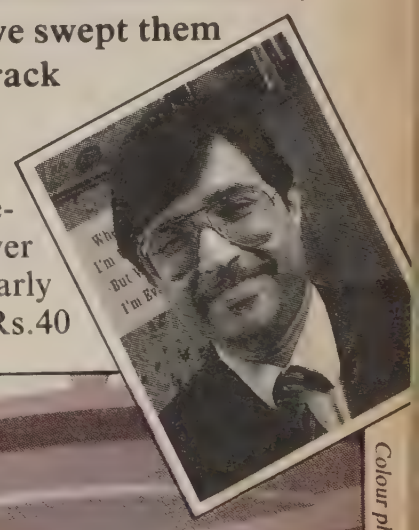
TREPRENEURS

Then and now

e rags-to-riches tale, the quintessence of the nerican Dream, has a universal fascination. Such ries fan the eternal hope that ordinary people can, dint of initiative, hard work and with luck on their e, transform their once humble lives. Which is why, r "Enterprise" section, a regular feature in the gazine since the first issue, is both widely read and nerates tremendous reader feedback.

om Ajit Singh of Associated Capsules (written about the 27 February 1978 issue) to B.G. Shirke (in our evious issue of 19 August,1991) we have featured 173 ch successful entrepreneurs and their companies. An portant criterion in selecting these small-time, coming businessmen had been the potential they had displayed to make it big. And the majority of them have lived up to our expectations.

This update on our old stories focuses on what it took an entrepreneur to jump from the small mould to the big league. The selection portrayed here is by no means comprehensive. Neither does it tend to be representative of any particular kind of "Enterprise" story. What is common to these entrepreneurs, however, is their continued drive to excel in their original (or new) fields. And their doggedness in overcoming hurdles. Success has brought with it new kinds of problems. But in their characteristic fashion, these enterprising businessmen have swept them aside to continue on the winning track





Colour photos: Palashranjan Bhaumick

Sheth: great entrepreneurial drive

or three long years he searched. From Alibag to Pune and from Goa to Nalk. And then Bhalchandra Vishnu tey found his dream site: a vast exnse of undulating greenery, 20 minutes m Karjat on the Central Raily. The result is Tunnel Top, a ni hill station with 450 farm uses for the well-heeled. For tey, the man who revolutionised photo copying business in the ntry, the foray into land develment has been a successful diversication. Trained as an architect, tey found the new vocation "a me coming of sorts".

When we first wrote about Datey *usiness India*, 13 October 1980), company operated profitable erox centres" in eight prominent siness areas of Bombay. But er, intense competition — sulting from the similar mushoming businesses all over the ace — and a prolonged strike by 200 employees under the banner Datta Samant's union, made atey think again about expanding s network. He shut down four of s outlets and diversified into real tate by developing plots at eight differt places in Lonavala. Now Datey is deloping land at Umbergaon and Deheri the Maharashtra-Gujarat border. The rox business gave him a modest turner of Rs.75 lakh annually; with his new ray, Datey's companies are doing busiess worth Rs.4 crore every year.

Asghar Patel has also diversified but on a much grander scale. Starting with Patel Roadways (*Business India*, 27 April 1981), he later set up a transport education institute, aimed at drivers as well as other budding entrepreneurs wanting to set up their own transport companies. The next foray was into exports, mainly to the Middle East and after that, into construction. A finance company followed and very recently, a courier company. The House of Patels, as the group is now grandiosely called, employs 1,500 people and over the last one decade, its turnover has increased nearly eight times to Rs.40 crore. "More than 80 per cent of our plans have been implemented," says Patel. "Next on the agenda is moving into sea and air cargo."

Diversification, however, is not the only change that the entrepreneurs have brought about in their businesses. Some have expanded their capacities. Others

have taken to the back seat and handed over the day-to-day running of their businesses to professional managers. A good many have aimed at the ultimate in today's business — exports. But irrespective of their current status, our old entrepreneurs still retain the qualities that helped them change the course of their lives — confidence, innovation, adaptability, perseverence and an ability to think big.

Thus, last fortnight, when Lalit Sheth of Raj Travels (*Business India*, 25 February 1985) ambitiously announced that he was taking over the marketing function of Continental Aviation, the air taxi service which had been grounded even before it took off, there were many sniggers all around. But not from people familiar with Sheth and his legendary entrepreneural drive. Starting with a rented table and telephone in Bombay's central business district at Masjid Bunder, at the age of 19, Sheth soon made Raj Travels a leading travel agency and overseas tours operator with billings of Rs.3.5 crore. Today, Raj Travels (turnover: Rs.18 crore) operates from 17 branches, employs 189 people and apart from the air taxi business, has concrete plans to enter the hotels business. Properties in Pune and Baroda have been acquired through a new company, Raj Executive Holidays Ltd.

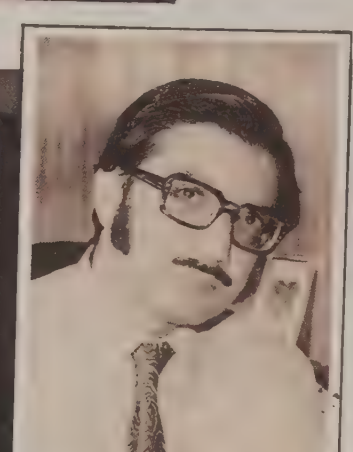


Saraf: "We have kept up with the times"



Balsara: admitting his mistakes

If an insatiable quest for growth has driven Sheth, then the ability to adapt to changing business mores has kept Vishwambharlal Saraf on an even keel. The son of the founder of the Remi group of companies (*Business India*, 21 October 1985), says they are still in the running only because they have kep with the times. He el rates: "Earlier we hesitant eve advertise as we f to understand th turns we would after spending thousa Similarly when we pu our new plant, we thoug was a waste of money to fat salaries to well qualified sonnel, especially since we ha started production." The new- Remi has seen sales double fr Rs.26 crore to Rs.54 crore; it has panded its product range from f and mixers to manufacturing sea less pipes with German technolo And family members are no lon inducted — all recruitments are qualified professionals.



Change, however, is called for few years down the road. I tially, the single most importa quality every newcomer must ha — and often displays is confidence, whi Ajay Mathur, mana ing director of Sume Machines Pvt Ltd - formerly Power Contr and Appliances Lt (*Business India*, March 1984), possesse in plenty. When h wanted to expand an modernise rapidly, wel wishers cautioned hir to go slow. Say Mathur, "The biggest mistake you ca make is to let what people say come in th way of your dream." Today, his impa tience has paid off as the group's turnove has jumped from Rs.26 crore in 1983-8 to Rs.100 crore in 1990-91. Known ini tially for its sturdy mixers, the company now also manufactures washing machines and vacuum cleaners. "Our target audience has always been the housewife and we prefer to stick to the knitting," says Mathur.

In the case of Kishor Vyas and his Inductotherm (India) Ltd, (*Business India*, 24 March 1986) the most visible change is not the fact that the company now boasts of healthy reserves of Rs.7.5 crore or that it has expanded the product range to manufacture induction melting furnaces of upto six tonnes. What really stand out are the unique human management prin-

es followed by this medabad-based company. fit sharing has been introed right upto the shopr level. Since the last three rs, all increments e been based on rterly appraisal ms that all employees required to fill in. So it not much of a surprise en the Ahmedabad Manment Association recently ferred upon Vyas its "Outnding manager of the year" ard.

For some entrepreneurs, it the innovative streak that pelled them faster ford. When Asghar Patel disered increasing delay in the ivery of goods, his finance mpany started advancing ns to drivers for the purse of new trucks. This sinmove had three immediate outs: the drivers, now ck owners and making out Rs.5,000 every month tead of their previous salary of .1,500, started delivering goods on ue; the depots of Patel's transport comny began handling more goods and fily, the profitability of both, his finance



Patel: big diversification plans

as well as transport company, improved. Similarly, Sumeet Machines has been able to save a lot by cutting down on advertising. Instead, they are concentrating on product demonstrations at dealers' outlets. "Seeing is believing," says Mathur. Again, among the future plans of Naushad Padamsee, managing director of Eagle Flask Pvt Ltd (*Business India*, 19 January 1984), is the establishment of an industrial estate. Here, local entrepreneurs will manufacture various components for the company's products — and these are now many. Eagle, which was earlier only into vacuum flasks, now also makes tea, coffee and dinner sets, thermoware, household electrical appliances and stainless steel vacuum flasks. Naturally, turnover has soared from Rs.7 crore to Rs.60 crore.



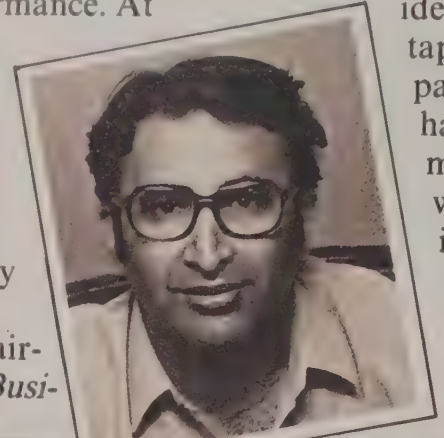
Mathur: great deal of confidence

While Eagle has come a long way from its humble origins on Bombay's Chakla Street and now has plants in Talegaon, Ferozabad and Madras, the same kind of national expansion is not true of south-based enterprises. Following the trend set by the bigger southern companies, these entrepreneurs have preferred to stay in familiar territory. Thus, the Washotex group (*Business India*, 1 December 1986) has doubled the production of its washing machines to 9,600 machines per annum in the last five years but these are being sold exclusively in the south (70 per cent in Tamil Nadu and the remaining in the other three states). But one Tamil Nadu-based entrepreneur did attempt to make his presence felt in the north. Hibeam Electronics (*Business India*, 6 December 1982), later known as Solidaire India Ltd, tried setting up a manufacturing unit in Chandigarh but gave up the attempt in August 1983. The reason: "We were south Indians trying to make a break in the north and it was very difficult," concedes managing director A.S. Ramana Prasad.

Nevertheless, while remaining within their narrow domain, these south-based entrepreneurs have put up impressive performances. Gem Granites (*Business India*, 11 October 1982), whose turnover has increased to Rs.42 crore from Rs.3 crore when last written about, continues to retain its dominant position as the largest exporter of granite from India. This, despite some tough barriers. "It has not been a bed of roses all along," admits R.Veeramani, the lawyer-turned-entrepreneur, who is the chairman of Gem Granites. "The state government has not been consistent with its policy regarding the grant of mining leases. This industry also remains very capital and power intensive." No wonder Veeramani is chalking out diversification plans into hotels and yarn exports. Two new companies — Gem Holiday Resorts Ltd (GHRL) and Gem Spinning and Weaving Ltd (GSWL) — have been floated.

Madras-based pump manufacturer Autolec Industries Ltd (*Business India*, 11 February 1985) too has been growing

at a steady pace. Turnover increased five fold in the last five years to reach Rs.15 crore. "We have been continuously exceeding targets set for increasing turnover and market shares," claims managing director K. Vasudevan. He cites involvement of staff at all levels and detailed, conservative planning as the main reasons for Autolec's good performance. At 68, Vasudevan is still the quintessential entrepreneur. "I feel I have not achieved much yet. I am impatient and dissatisfied by nature and this has acted as a spur to growth. I am certainly not smug about my success."



Even Mohanbhai Patel, chairman, Patel Extrusion Group (*Business India*, 27 February 1984), doesn't take his success for granted. Patel's company is today the premier manufacturer of extruded aluminium tubes and counts Johnson & Johnson, Colgate Palmolive, and Glaxo among its major clients. "After all, success is relative," he philosophises. "There are so many others who worked as hard as I have but did not get the same rewards." Subhash Dandekar, managing director of Camlin Ltd, (*Business India*, 3 August 1981) takes a much more practical view: "Success has helped us to strengthen our manufacturing capacity, extend our marketing facilities and expand our network."



Dandekar: now helped by the entire family

Small achievements inevitably lead to the desire for bigger ones. And our entrepreneurs are no different as they chalk out their future strategies. Alkem Laboratories (*Business India*, 25 March 1985), which has made a name for itself in pharmaceuticals, plans to move into cattle and poultry feed, agrochemicals and veterinary products. Solidaire is toying with the idea of moving into video tape decks and audio compact discs. Camlin, which has diversified into pharmaceuticals of late, now wants to concentrate on its main strength — writing products. Hence its accent will be on increasing the sale of mechanical pencils and introducing new products like gold and silver markers. As a result of the increased activities, other Dandekars — including the wives and the aunts — are now actively involved in the family business.

Though they can be regarded as role models for the new generation of businessmen, our entrepreneurs too have made their share of mistakes. Datey rues the fact that he concentrated only on the technical aspects of his business while neglecting finance. But he is now making amends — he has employed one chartered accountant and three senior accountants who report directly to him every day. According to A.R. Balsara, chairman and managing director o sara Hygiene Products (*Business I* 28 April 1980), the biggest mistak company made was to introduce flu toothpastes Ace and Prize. The proc had to be withdrawn from the ma within a year of their launch becau the fluoride controversy.

Like many others, Datey and Bal could pinpoint their shortcomings take corrective measures. But others not so lucky. As a result of the cut-th competition in the home entertainm electronics market, high-fliers like A (*Business India*, 8 November 1982) Cosmic (*Business India*, 31 August 19 have now fallen on hard days. For same reason, the one and only Torto Coils has lost much of monopolistic market sh to a host of me-too pr ucts. Otoklin (*Busin India*, 10 September 198 once the supplier of ind trial filters to big guns li TISCO, BHEL, ONGC and RCF, la became a sick compar And labour trouble plagu Unichem (*Business India*, October 1981).

If given another chanc will some of these not-s successful entrepreneurs able to chart smooth courses for themselves? F that matter, will some of ou high flying winners be ab to repeat their successes Samprada Singh, managin director of Alkem Labora tories feels that the mai constraint today would b organising finance. An Mathur of Sumee Machines says, "Ten years ago, busines was difficult because of bureaucracy. To day, thanks to competitors playing dirty tricks, getting into business is like com mitting *harakiri*."

Despite the odds, these entrepreneurs feel that there's still place for someone who wants to have a serious shot at it. Perhaps Patel of Patel Extrusion speaks for all of his ilk when he says, "The sky is the limit for someone who is willing to work hard." But sweat of course is no substitute for vision and intuition without which none of these enterprises could have got off the ground in the first place.

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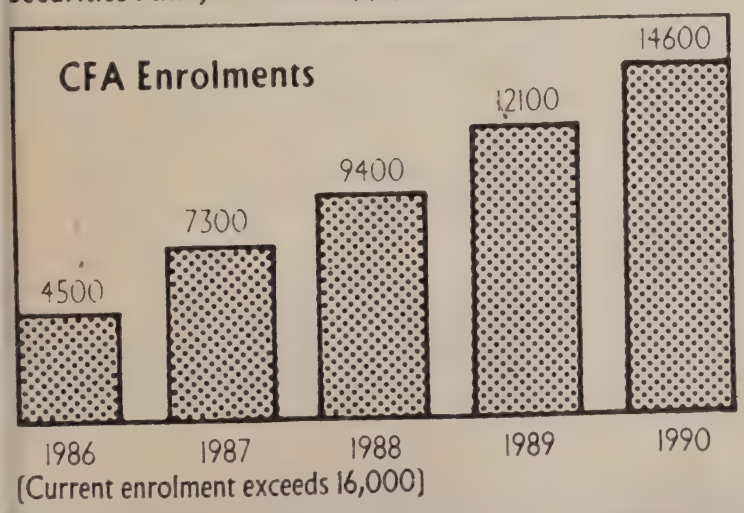
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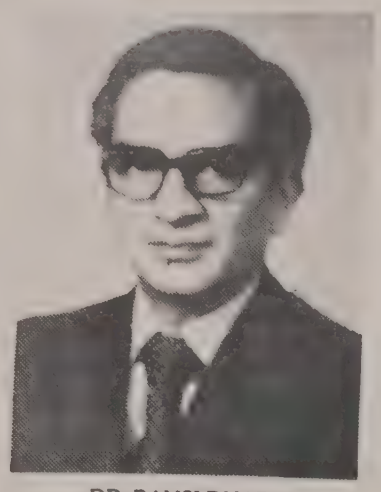
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DCM SHRIRAM INDUSTRIES LTD.

Speech by Dr. Bansi Dhar, Chairman at the Annual General Meeting of the Company held on August 23, 1991 at New Delhi.



DR. BANSI DHAR

It gives me great pleasure to extend to you all a very warm welcome to this Annual General Meeting of your Company.

The Directors' Report and the Audited Accounts of the Company for the period ending 31st March, 1991 have been with you for sometime and, with your permission, I will take them as read.

Pursuant to the approval by the Delhi High Court of the Scheme of Arrangement for DCM Ltd., your company comprises of Daurala Sugar Works, Shriram Rayons and Hindon River Mills. This was the first year of operations after the restructuring and we have achieved satisfactory results. Consequently, your Directors have pleasure in recommending a dividend of 20%. I am confident that in the years to come, your investments in this Company will continue to appreciate.

BOARD OF DIRECTORS

DCM Shriram Industries being a new company, one of the first steps we took after restructuring was to strengthen the Board of Directors with the induction of eminent people with vast business and financial acumen. I am sure that your Company will benefit greatly by their experience.

One of our directors, Shri Om Prakash, unfortunately passed away recently. He lent his wide experience and maturity to the operations of the Company, and we shall miss his wise counsel and advice.

NATIONAL SCENE

During the past two years, the country has passed through a period of political instability and economic decline. The unfortunate and dastardly assassination of former Prime Minister Rajiv Gandhi earlier this year was a severe blow to the nation. Rajiv Gandhi's vision of a modern and vibrant India remains to be fulfilled, and I am confident that the people of this country will continue to strive to achieve this goal in the forseeable future.

We are today at the crossroads and it is important for all of us to forget our differences and work for the common interest of the country. It is also important that leaders from all walks of life arrive at a consensus on major economic issues rather than taking narrow parochial stands, so that the Nation can once again progress in the face of global competition.

In trying to find the right path, we could do well to learn from the recent transformations taking place in Russia and Eastern Europe, which confirms that a market led economy is in the larger interest of the country. Political will and courage of the highest order is required to give shape and implement pragmatic policies which are the need of the hour. A silver lining is the fact that the Indian economy and its people have; from time to time, demonstrated remarkable resilience and strength in face of adversity.

The Govt. is displaying sagacity and maturity in dealing with the problems and has already taken some bold steps to bring back the economy on the rails. The new Industrial Policy and the measures in the recently announced Budget are intended to remove some of the structural imbalances. These need to be followed up and accomplished quickly. One hopes that the process of unshakling the industry from the "Permit Raj" will continue.

Some measures that could help to overcome the problems and accelerate economic growth are:

(i) The progress that the country has made is being eroded by population explosion. The resultant tensions are leading to a deterioration in law and order situation. There is an urgent need to evolve a long term POPULATION POLICY which would arrest the growth in numbers and help improve the quality of life of the common man.

(ii) We cannot achieve a significant increase in exports in each and every industry sector in a short period of time. With an approach of selectivity under which a filip is given to selected thrust areas, the country could earn valuable foreign exchange rapidly. India is endowed with vast agricultural potential, natural and mineral resources and good technical and managerial manpower. These could be mobilised for rapid growth of exports. This will also create new employment opportunities.

(iii) Industrial development is a key to economic growth of the nation. The developmental institutions have to ensure adequate and timely availability of finances. Some recent reports about tightening of debt: equity ratio and promoter contribution norms are disturbing. Instead of encouraging growth, such steps will only retard it. If these steps are taken due to scarcity of funds with the developmental institutions, it may be desirable that these institutions divest their substantial holdings in the equity of various private sector companies.

OPERATIONS

Friends, you would naturally be interested in knowing the plans of the company. The units have been in operation for decades and it will be our endeavour to utilise their inherent strength, goodwill and reputation to achieve growth through expansion, technology upgradation and diversification.

Daurala Sugar Works is the oldest operating unit of the undivided DCM Ltd. The plant was set up in 1932 but in spite of its age, it is today one of the most modern plants in the country with a crushing capacity of 5800 TPD. We have applied to the Govt. for expansion of the capacity to 8000 TPD.

At Daurala, we also produce alcohols and a range of fine chemicals and drug intermediates. This complex is the nucleus around which we are pursuing growth in these fields. Work is in hand on a drug intermediate project. It is proposed to implement this through a new company, Daurala Organics Limited. Commercial production is expected to commence by the end of 1992.

Shriram Rayons, the second unit in our fold, was started in 1965. The demand for rayon tyre cord has been declining over the years. Your management has put in concerted efforts to identify pockets where Rayon Tyre Cord can still be used. We have been successful in developing markets abroad and the unit has been able to improve exports in the face of international competition.

This may be a short-lived market. We are therefore endeavouring to look at other areas where we can take some synergy advantage for furture growth. Towards this end, we are actively pursuing a Nylon Tyre Cord project which will utilise part of the infrastructure already available. Necessary Government clearances have already been obtained. In order to make use of surplus viscose capacity, we are also looking at the possibility of manufacturing Rayon Filament Yarn.

The third unit, Hindon River Mills was established in 1972. After restructuring, our efforts to upgrade the plant and marketing operations have begun to show results. I am glad to inform you that we are now able to export yarn once again. Much more needs to be done to further improve the performance which will include replacement of some machinery with more modern ones.

The new policy initiatives taken by the Govt. will open up new opportunities in the face of international competition. Businesses will have to optimise the utilisation of resources, improve quality, bring down costs and endeavour towards fuller utilisation of human potential. In such an era, investment decisions and the quality of management would be crucial to the success of any business. I would like to assure you that your Management is fully alive to these vital issues.

ACKNOWLEDGEMENTS

Before concluding, I would like to convey my sincere thanks and gratitude to my colleagues across the company for their dedicated efforts, the Financial Institutions and our Bankers for their whole-hearted and unstinted cooperation even in the most difficult of times, the Govt. of India and the State Govts. of U.P. and Rajasthan for their guidance and support.

I finally extend to you, dear Shareholders, my sincere and heartfelt gratitude for your continued confidence and encouragement.

N.B. This does not purport to be a record of the proceedings of the Annual General Meeting.

DCM SHRIRAM

Sugar • Tyre Cord • Textiles • Yarn • Alcohols • Chemicals

DAURALA SUGAR WORKS • SHRIRAM RAYONS • HINDON RIVER MILLS

ecoming irrelevant?

current objective of GATT suffers from a lack of realism in trying to ide market access to all on equal terms

deadlines set by the disputing par-s have come and gone. The world, ver, is still witness to the long-drawn phase of the eighth round of nego-ns of the General Agreement on fs and Trade (GATT), a phase marked sturings that threaten to tear apart ery fabric of this trade apparatus. contentious Multi-Fibre Arrange- which was to end on 31 July has given an unconditional extension by her 17 months, notwithstanding the sts lodged by countries like India akistan.

ny is it that a hitherto fairly success-t of trade rules evolved as a result of rounds of negotiations over 40 plus should be subject to such conclu-? Will the extended Uruguay round he end of such travails or is GATT rably moving towards becoming an vant piece of economic quasi-ation?

e basic objective of GATT is to provide e and predictable conditions for et access to all and on equal terms. n that the membership of GATT is now ing at 100, with well over a quarter g developing countries where condi- are far from stable, that objective is d a lofty one. Yet, with China and oviet Union slated to join the body, ms like membership in GATT is an at-ive proposition to the relatively poor state-dominated economies.

onically, the GATT rules are becoming seful, due to the success of GATT in the years when liberalisation of average f levels took place. The creation of Trade Areas thanks to Act 24 of GATT lted in the exemption of half the d trade from GATT's purview.

he second cause for the declining im-ance of these trade rules is the lack of tions associated with non-pliance to their substance. There is a strong lobby for each product, be it e US or in the European Commu- which, with total immunity, pushes overnment for subsidies, support s and the like. All these run counter e very tenets of GATT as a body with an ctive towards rule-oriented competi-. It is this very protectionism in the form of the Common Agriculture Policy of the EC that threatens to deadlock the eighth round now in progress for over four years.

Equal access to market does not by itself guarantee equal competition. For example, in the absence of a local manufacturing plant, marketing office, etc, a foreign producer cannot compete meaningfully with a local producer of goods of the same standard. In view of this, the current round of negotiations has on its agenda the establishment of rules and procedures for trade-related intellectual property rights, trade-related investment measures and trade in services. Given EC's 1992 programme and the importance of the above three areas for other developed economies, these have come to occupy a degree of pre-eminence in the current round. However, the developing countries, most of whom have in any case shown scant respect for liberalisation in the areas of investment and services, are arguing that GATT should take up expansion of liberalisation in agriculture, textiles and the like. Thus the conflict of sectoral interests between industrialised and developing countries forms the third problem.

Yet another hurdle is GATT's complex legal system. Presently GATT has about 200 multilateral trade agreements and hundreds of customs union and free trade area agreements. Although the current Uruguay round has established a total of eight negotiating groups to improve upon GATT as a legal framework and as an institution, there is the ubiquitous 'grandfather cause'. This allows for retention of legislation that existed before ratification of GATT, but that comes into direct conflict with GATT obligations, the signing of codes, side agreements and protocols, etc.

What we have, as a consequence, is a really complex international trade law that does not lend itself to easy administration. In addition, a number of developing countries are exempt from GATT obligations due to the balance of payments clause. The fragmentation of GATT as international public law and the different degrees of applicability of its obligations to different member countries do hardly lend it much credibility. Therefore, the slow but steady erosion in its value, is inevitable.

We have seen quite clearly the phenomenon of regionalism emerging all around. This contributes to stable rules for market access but at a regional level. The European Community, the Free Trade Agreement between the US Canada and Mexico and certain multilateral economic arrangements in Asia are natural manifestations of regional economic interests born of stronger regional ties and a higher volume of trade. And a weak global multilateral agreement would only push countries towards seeking more regional understandings, derailing in the process institutions such as GATT.

Mercifully, it is no more debated by civilised nations whether public international law is law at all. However, any law is only as good as it is enforceable. In that sense, GATT remains only a statement of honourable intentions with several hundred exceptions in the form of side agreements. In its 'substance', it is not a law in the sense of a UN charter or a nuclear non-proliferation treaty, just to take two examples of a single unified law. Given the subject that it seeks to address, it can never become a single uniform law for one hundred and odd countries and thousands of goods and services.

GATT may yet survive our generation but the unrealism of its current objective (providing market access to all on equal terms) is now beyond question.

■ K.S. RAGHAVAN

The developing countries, most of whom have in any case shown scant respect for liberalisation in the areas of investment and services, are arguing that GATT should take up expansion of liberalisation in agriculture and textiles

The author is general manager, COSL, Bombay, currently posted at Zurich. The views expressed herein are his own

After the Gorby scare

The stockmarkets around the world quickly recovered with the demise of the Soviet coup. The Deutsche Mark gained ground as confidence returned, and the dollar fell by 3 pfennigs. The pound sterling, too, lost ground from DM 2.9325 to DM 2.9400. In London, the FTSE index rose to a record high of 2,623, after losing 80.5 points during the coup. In Frankfurt, Tokyo and Paris, too, stockmarkets continued to consolidate gains after the return of Gorbachev. Wall Street, after an initial surge of 88 points on 21 August, calmed down to a more sedate pace on the following days.

Salomon scandal

Salomon Brothers, the leading Wall Street securities firm, is in the throes of an unsavoury scandal involving illegal manipulation of government securities. The US Treasury Department has restricted the firm from dealing in treasury bonds and participating in bond auctions. Top people, including the chairman, vice-chairman and president, have resigned following their failure to report the illegal transactions for four months. Two managing directors have been sacked. The firm's status as primary dealer for the New York Federal Reserve, however, stays unchanged for the time being.

The Polish affair

Financial scandals seem to be sweeping the world. In Poland, another fraud has come to light. This time, Janusz Sawicki, the country's chief foreign debt negotiator has been dismissed. He headed the now disbanded Foreign Debt Servicing Fund, the focus of the controversy.

The fund, set up in 1989 to channel hard currency from the treasury to service the country's foreign debt, has been accused of buying back Polish debt of $280 million from private banks in the secondary market at a discount. Under the debt structuring programme, Poland was to refrain from such purchases. The fund's managers have also been accused of embezzlement and $133 million cannot be accounted for. Sawacki, however, denies personal involvment in the affair, saying that he had sacked the managers concerned last year.

Scam after scam

The Toyo Shinkin bank, an Osak cooperative, is the latest skeleton out of the Japanese banking close on the heels of a series of fraud s involving securities houses and ba Toyo Shinkin caper involves the Y342 billion fake deposit certific an investor, Nui Onoue, which s as collateral to obtain loans from financial institutions. In a bid to run on the bank, the Bank of Jap the Ministry of Finance pledged s to the bank. The news of the affa the stockmarket reeling, and the index dropped 113.67 points. It als up pressure on the finance minis resign. But he has not put in his p yet.

Healthy signs

The Dutch group Philips, which suf heavy losses last year, has recovered improved financial results for the se half of this year. The group's net inc rose to Fl 322 million, up 86 per cen the same period last year. Medical



and components were the money
ning divisions, while consumer elec-
ics and lighting showed a drop in
its. Regionally, Asia, Latin America
Europe have done better, while the
h American operations have almost
hed break-even point.

imming Jaguar

d Motor Company's Jaguar subsi-
y is planning to lop around 2,000 jobs
n it's workforce of 10,500. The com-
y laid off 1,800 workers earlier this
, and is discussing the further cuts
trade unions and employees. With
k automobile sales in Britain and the
the Ford subsidiary lost 66.2 million
nds in 1990 and has been cutting costs
several months

ıditors in the dock

e Waterhouse, one of the world's
est accounting firms has come under
ck for its involvement in the BCCI af-
. Price Waterhouse audited the ac-
nts of the bank for three years, and
e it a clean chit up to 1989. Subse-
quently, the firm investigated the BCCI on behalf of the Bank of England, and discovered the fraud. The firm is under fire from other accountancy firms, and the Labour Party in the UK, and has been sued by a depositor from Oman. The Omani investor, Mohammed Khasruzzaman has accused the firm of misrepresentation and negligence in approving the bank's statements. Price Waterhouse, however, is claiming that essential documents were hidden from them, although they had misgivings about misconduct.

Midland in a mess

The woes of the banking industry in the UK are unending. The country's clearing bank, the Midland Bank, reported losses of almost 71 million pounds in the first half of the year. Chairman Sir Peter Walters admitted that the loss was 'unacceptable'. Midland's sorry state is attributed mainly to its large burden of bad debts. The bank provided 530 million pounds to cover loans to small businesses, which have been worst hit by the recession. Most problem accounts involve loans of less than 50,000 pounds. The bank reduced its dividend to a token 1.7 pence.

Down with the deficit

The US trade deficit for June was $4 billion, the lowest in eight years. In 1990, the June figure was $6.3 billion. The trade gap was lowered despite a 1.4 per cent fall in exports, as imports fell further by 3 per cent. The Federal Reserve Board also released a report saying that industrial production in July rose by 0.5 per cent, which was higher than expected. The reports boosted the value of the dollar, which passed 1.76 Deutsche Marks in New York trading.

Fares pared

The US airlines are on a fare cutting binge. Following the example of USAir, American Airlines slashed its lowest discount fares by 28 per cent on all domestic routes. United Airlines, Delta Airlines and TWA are also planning to reduce discount fares further, in some cases by almost 50 per cent. While every year sees a drop in the fares after the post summer rush, this year the cuts have come earlier and are deeper than usual. The airlines' move, say industry analysts, has been prompted by the economic recession.



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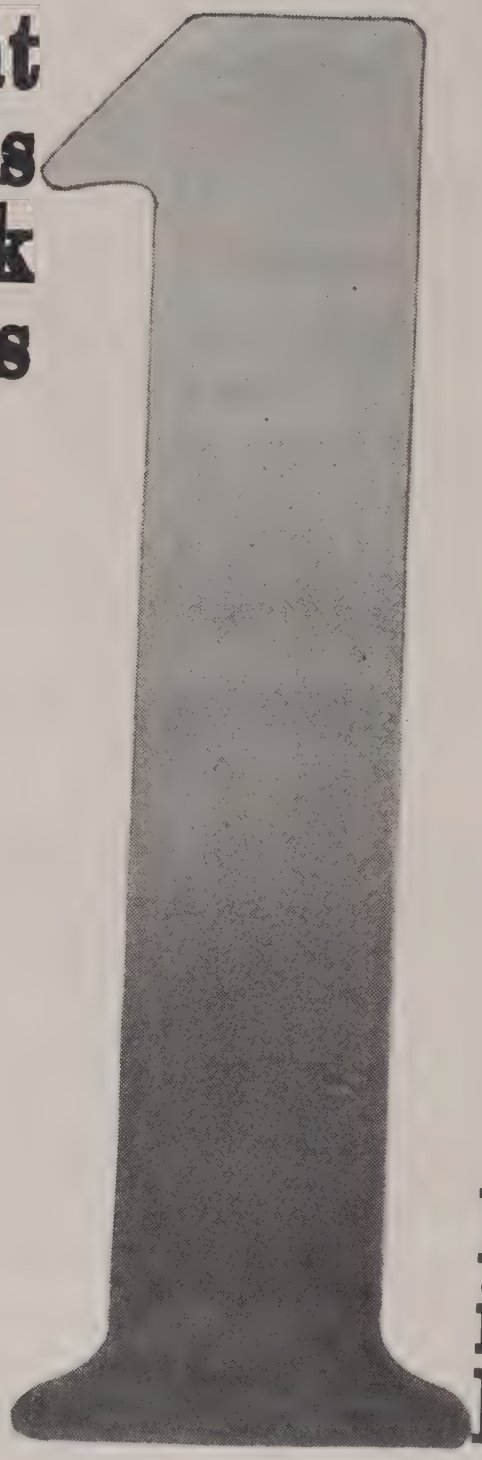
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CKMARKET REVIEW

ash scrips on top

r the fortnight ended 24 August 1991)

	24 August	10 August	percentage change over fortnight	year
E Sensitive Index	1802.81	1663.57	+ 8.4	+56.6
E National Index	859.90	796.43	+ 8.0	+44.9
l (Rs.cr) fortnt. ended	208.50	212.11	− 1.2	+41.9

e seemingly effortless upswing of the market continued for the fortnight er review as the bull market entered eventh month. The 'Gorbachev ef- ' was visible in world markets which by about 5 per cent. But even before ple outside the USSR could learn to "Gennadi Yenayev", Gorbachev was k and so was the upswing in markets ldwide.

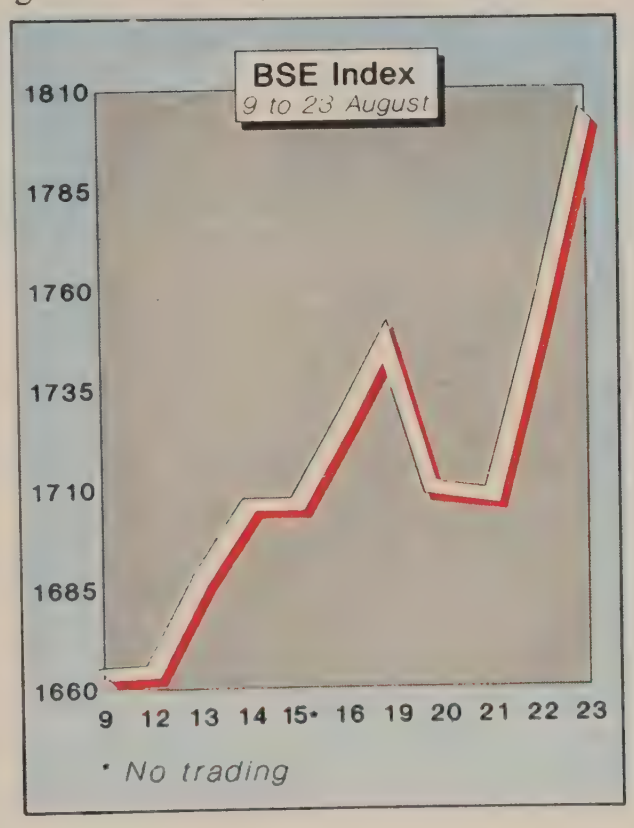
he market was primarily influenced nnouncements at the annual general tings of the market leaders, Tisco and o. The news was encouraging, Tisco ouncing that turnover was up a dy 16 per cent for the first quarter n profits likely to rise similarly. The p recorded a modest price rise of 3.8 cent to Rs.246 over the fortnight. l being one of the industries which is kely to perform well, news of Tisco's quate performance far exceeded the ket's expectations.

od going. Meanwhile Telco an- nced that turnover for the first four nths was up by 28 per cent and exports well up by 45 per cent. The company raised LCV prices during the fortnight, king the second such rise in the last months. Telco closed the fortnight at 318.75, up from Rs.281.25 (+13 per t).

eliance stayed firm at the top slot in ding volume that it had reached in the t week of August. Volume averaged 19 crore per day, followed by Tisco's 15.75 crore. The scrip closed at 194, up from Rs.176 (+10.2 per cent). anwhile, Reliance Petro slipped to 27.50 from Rs.29 as expectations ut the likely merger at an exchange ra- of six Petro shares for one of Reliance nged to a 7:1 ratio. This followed s reports, including the cover feature *Business India*, which highlighted the her than expected costs of implement- RPL's projects.

Larsen & Toubro, the focus of proxy lectors' eyes, was moderately traded over the fortnight, closing at Rs.153, up from Rs.147.50. Fresh speculative action will probably begin after the Ambanis' involvement is sorted out at the forthcoming EGM.

Colgate disappointed the market with a 3 for 5 bonus (the market expected a 4 for 5 bonus). The scrip which rose to Rs.365 on 13 August on news of the upcoming board meeting for bonus slipped thereafter to Rs.362.50 by the end of the fortnight. If the past is a guide to Colgate's behaviour, its shares will stagnate



until about six months after the scrip goes ex-bonus after which the ex-bonus price will rise to about Rs.300, thereby supplying a good return to the patient investor and frustrating the ones that rely on market timing.

Other specified shares in the limelight included Century and Sesa Goa. Sesa Goa closed the fortnight at Rs.651.25, up from Rs.437.50 (+48.9 per cent). Century closed the fortnight at Rs.7,300, up from Rs.6,625 (+10 per cent) on the news of its bonus approval by the CCI, thus disproving the view that high priced shares tend to underperform in the market.

If Sesa Goa's increase appears staggering, it ought not. Scores of shares, particularly those in the cash list, outperformed the market risers. It was, as a broker put it, the fortnight for cash shares. Unusually, the rise in the National Index almost equalled that of the Sensitive Index. Over 400 cash shares recorded new highs during the fortnight. Among them, Birla 3M rose from Rs.102.50 to Rs.180 (+75.6 per cent), Corn Products from Rs.46 to Rs.80 (+74 per cent) and Lan Eseda from Rs.31 to Rs.50 (+61 per cent).

Party time at the bourse. The scrips initially affected by the Soviet coup were shipping, tea and selected pharmaceutical shares — shipping, because the recent firmness in international freight rates has been partly due to large grain shipments to the Soviet Union from the US, and tea and several Indian pharmaceutical companies, because of heavy reliance on exports to the Soviet Union. However, these shares recovered smartly following the destabilisation of the coup. For example, G.E.Shipping fell to Rs.86 on 20 August, but recovered thereafter to close the fortnight at Rs.101.

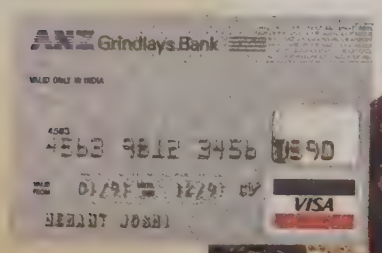
The big question in the minds of marketmen at the end of the fortnight was whether the party was still on, and if so, how long this would continue. Interestingly, very few foresee a crash *a la* October 1990. The economy looks better now and the monsoons suggest that inflation — the most worrisome factor (economically as well as politically) — should fall.

But there has to be some level at which the market must "stabilise", ie, cease to rise at a spectacular rate and begin its normal behaviour of random movement. Sustaining the current price-earnings multiple of 27 clearly requires extraordinary growth over the next several years and not just this year. With the economy doing well and with the government liberalising, this is possible. On the other hand, many companies will not grow at a high rate and are, therefore, currently overpriced. In general, the older companies are probably better placed to benefit from growth. As such, further significant rises in the general market level seem less likely than a concentration on selected growth scrips.

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SPEER 28 364 91

EXCHANGES

shering in egative benefits

e growing reliance on capital markets as raised the issue of efficiency of the ing stock exchanges. It is clear that e is considerable scope for improve-t. For example, only a fifth of the es on the Bombay Stock Exchange nation's premier exchange account-or two-thirds of total trade) are ac-y traded.

his may be because over 3,000 com-es are listed on the BSE compared with n 1980. The number of memberships however, risen by only 16 over this od to 489. Hence, the capability of ex-g brokers to service a much larger nu-r of shares has been reduced. It is not ommon, for example, to find up to w scrips being traded by a single er on the BSE trading floor.

eanwhile insider trading is rampant, ll investor service poor and investors ide the metros complain that trading me in the regional stock exchanges is thin.

proposals. These are the findings of igh powered study group" set up by government last year to study the es-ishment of new exchanges, under the rmanship of ex-UTI chairman M.J. wani. To counter the problem areas, report makes three distinct proposals. irst, it proposes the establishment of a onal system for clearing of transac-s and scripless trading (via a central-depository for shares). Second, the mittee has proposed linking the ntry's stock exchanges to allow for ef-nt inter-market trading under the is of the Securities and Exchange rd of India. This is to be set up via a e-tier market system of principal and onal stock exchanges and additional ling floors (ATF).

inally, it is proposed that four new ex-nges be established (at New Bombay, gpur, Gwalior and Chandigarh) in ad-on to an ATF at Lucknow. The one at v Bombay, to be called the National ck Exchange, will serve as a model and equipped with facilities for country-e accessibility.

herwani compares the NSE with the erican Stock Exchange of the US nex), placed between the BSE (India's sion of the New York Stock Ex-nge) and the proposed OTC exchange (like NASDAQ of America). According to him, several of the BSE's inefficiencies including the thin market for debt securities and the absence of markets for derivative securities such as options and futures, could be offset by the NSE.

However, the response to the committee's proposals has been mixed. While there is considerable support for national trading systems, there is less for the establishment of new exchanges, particularly the one proposed at New Bombay. The BSE, in particular, is disturbed at the prospect of its fortress being stormed.

Status of the BSE. This then raises the question of how effective the BSE is. M.R. Mayya, executive director, BSE agrees that there are a few wrinkles that need to be ironed out. Says he, " The solution to the problem is not to set up a new exchange." He prefers the process of "continuous reform", quoting, for example, the fact that the BSE has recently started using the PTI stock scan.

The proposed Over the Counter Exchange has other reasons to be disturbed about. The kind of hi-tech computerisation that the report talks about has already been planned at the OTC. Its chief executive, Ravi Mohan, strongly supports linking up the stock exchanges, but an entirely new stock exchange could, he feels, duplicate functions at the BSE, the NSE and the OTC.

The American experience where the Amex has decreased in importance is a pointer. The NASDAQ Fact Book claims that in 1979 Amex had 8.5 per cent of the share volume, while in 1989 this figure dropped to 4 per cent. Meanwhile, NASDAQ's share rose from 28 to 43 per cent (the balance was with the NYSE). Shirley Goldenberg, author of *Trading Inside the World's Leading Stock Exchanges of the World* says, "Wall Street is uncertain whether the NYSE or the NASDAQ will win in the slugfest, but there is no problem in pinpointing the loser. With the Amex squeezed between the NYSE's appeal to companies with upscale pretentions, and NASDAQ's appeal to the types of smaller companies that used to be listed on Amex, the Amex is becoming increasingly redundant."

Visualised in this light, it would seem as if the OTC has better chances of survival than the NSE. However, the government has already approved the Pherwani committee's report and asked the Infrastructure Leasing and Financial Services Ltd to initiate the establishment of the NSE.

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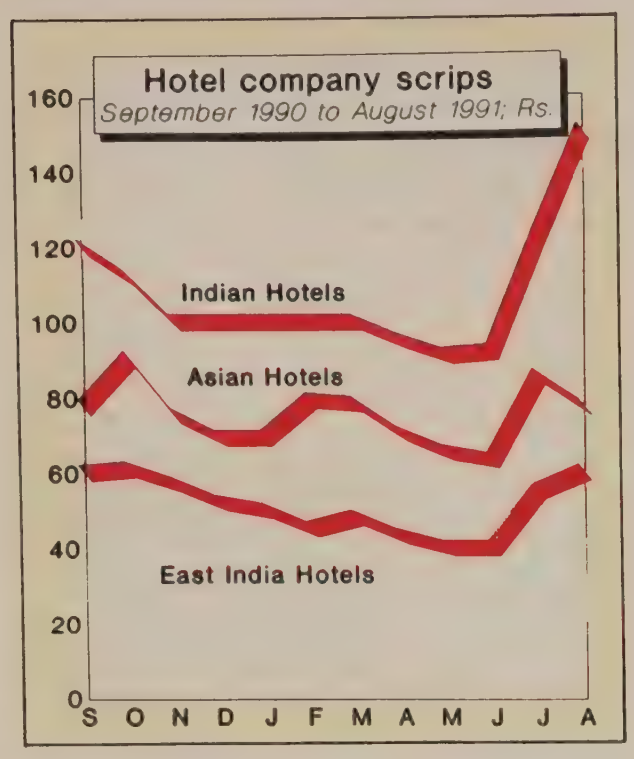
Maadhyam

e hotel industry

industry's performance tends to be onal. There is a lean period which from April to September when the pancy rate can drop as low as 50 per . The peak season from October to ch usually shows occupancy rates at er cent, at times even crossing 100 per . For a five star hotel in a metro to k even, an annual occupancy rate of er cent is required.

the year 1990-91, however, disrup- s at home and the Gulf war created oc in the industry. Tourist arrivals, ch had been increasing at an average of six per cent per year for the last few s, dropped by 0.5 per cent in 1990 and ign exchange earnings dropped by 24 cent. The north was hit the hardest. ording to Karumbaya, an executive mittee member of the Federation of el and Restaurant Association of ia, "For every empty hotel room in nbay, there were three in Delhi." se low occupancy levels caused the fitablilty of hotels to drop signifi- ly in 1990-91.

an Hotels. This is the smallest of the ka considered here, but the highest in ns of profitability. The occupancy rate his hotel dropped from 87 per cent in 9-90 to 60 per cent in 1990-91. Yet, the npany has managed a 36 per cent oper- g margin which is close to normal. As ch as 68 per cent of its earnings is in ign exchange. It has also paid off all oreign debt and its interest costs are ligible. Asian Hotels is planning a ma- expansion of 800 rooms in the next years in Agra (completely financed ough internal accruals), Jaipur and know. The scrip closed at Rs.77.50 on August, discounting earnings 15 times.



East India Hotels. East India Hotels is the second largest in the hotel industry. Turnover remained stagnant in 1990-91. During the year, the Oberoi Towers, the flag bearer in Bombay, had a fire which led to the closure of 600 rooms for over two months. The damage caused was estimated at Rs.10 crore. Earnings per share for the year 1990-91 halved to Rs.2.23. The scrip currently quotes at a year-high of Rs.60, which means a relatively high price-earnings multiplier of 25.75.

Indian Hotels. The largest five star chain in India with over 4,000 rooms in India and 3,500 rooms outside the country, found its occupancy rates falling by 20 per cent from the normal level during the period September to March 1991. However, according to a company spokesperson, Indian Hotels did not suffer as much because the fire at the Oberoi Towers caused all the reservations of that hotel to shift to Indian Hotels. "Even though this is not the way we would like to earn revenue in the future, this did help our bottomline," says the spokesperson. Interest costs for the year have increased significantly due to a 26 per cent rise in the debt. Pancha, the vice-president (finance) of Indian Hotels, claims that interest costs have increased because working capital requirements were higher. Besides, a low occupancy rate cannot cover high fixed costs that hotel maintenance incur. The result has been a drop in net margins from 8.14 per cent in 1989-90 to 6.10 per cent in 1990-91 (which is higher than the industry average of five per cent). The scrip quoted at Rs.150 on 26 August which is also its 1991 high. The PE ratio for the scrip is comparable to the market PE ratio at 25.

The current year. Things have improved this year. Most important, says an analyst, occupancy is back to normal levels. With the foreign exchange now more precious after devaluation, the industry is expected to achieve turnover rises of 40 per cent over the year 1990-91. An improved bottomline will follow. For example, if Indian Hotels can maintain its net profit margin at 5.7 per cent, profit after tax should rise from Rs.9.02 crore in 1990-91 to over Rs.12 crore for the current year.

(Rs. crore)

otel Industry	Ind. Hotels		East India Hotels		Asian Hotels	
	1991	1990	1991	1990	1991	1990
otal income	159.10	141.50	100.53	101.70	31.09	34.32
oreign exchange component (%)		69		68		68.
perating profit	36.68	33.48	29.12	34.29	11.23	14.54
nterest	17.01	12.91	16.86	16.02	0.03	0.75
ross profit	19.67	20.57	12.26	18.27	11.20	13.79
epreciation	9.10	7.80	6.73	6.63	1.61	1.58
ax	1.55	1.25		1.00	0.78	1.04
et profit	9.02	11.52	5.53	10.64	8.81	11.17
perating margin (%)	23.05	23.66	28.97	33.72	36.12	42.37
ross margin (%)	12.36	14.54	12.20	17.96	36.02	40.18
et margin (%)	5.67	8.14	5.50	10.46	28.34	32.55

SKF Bearings

For the year ended March 1991, capacity utilisation has fallen slightly, margins are down, dividend has been maintained at 15 per cent and Capital India the code name for their modernisation project is scheduled to be operational by end 1993.

"Demand still holds firm," says a confident Gordon Huddy, managing director of SKF Bearings, "While there is excess capacity and a cyclical recession the world over, Indian bearings manufacturers continue to do well."

Buyers of SKF's shares might agree. The share price currently quotes at Rs.2,775, near its all-time high and at a price-earnings multiple of 39. A look at the balance-sheet is less reassuring. SKF utilised 87.9 per cent of the installed capacity of 40.05 million bearings last year with sales near the Rs.200 crore mark.

Inventory tightened by 20 to 110 days but operating margins fell by 6 per cent and net margins by 44 per cent leading to an EPS of Rs.71.5 as against Rs.93 last year. Says a leading merchant banker of the SKF scrip, "Once Capital India is completed by 1993, turnover should rise to Rs.400 crore and gross profit to Rs.85 crore. The company will by then be in an unmatched position in terms of both local

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and international quality."

Ultimately, the demand for bearings depends on the performance of industries — automobile and electrical that are end-users. In the automotive sector, while production figures in the tractors segment for the current year are showing an

SKF Bearings *(Rs. crore)*

Year ended	1991	1990	Variance
Sales	196.99	141.95	38.8
Other income	4.67	8.20	-43.0
RMC/Sls (%)	42.48	42.47	0.01
Employees costs	24.46	18.13	34.9
Operating profit	49.82	44.83	11.1
Interest	11.42	7.22	58.2
Gross profit	38.40	37.61	2.1
Depreciation	13.24	10.35	27.9
Tax	7.50	4.27	75.6
Net profit	17.66	22.99	-23.2
Dividend (Rs.)	15.00	15.00	
Equity	24.71	24.71	
Reserves	69.33	55.38	
Networth	94.04	80.09	
Book value	380.57	324.12	
Debt	127.85	60.24	112.2
D:E ratio	1.36	0.75	
Net block	131.95	78.49	
Net current assets	57.57	51.67	7.00

upward trend, other segments like two and three wheelers and jeeps have registered a slight decline. Demand from the replacement market is, however, encouraging and the recent devaluation of the rupee has provided some protection against imports.

TRENDS

Hindustan Lever

For the six months ended 30 June, 1991, Hindustan Lever's net profit is up 27.62 per cent, while operating profits are up by 28.54 per cent from the comparable period last year. Net profit margins, at 5.55 per cent, have stayed almost the same as for the same period last year.

The company, which presently manufactures soaps and detergents, chemicals, personal products, and agriproducts, is setting up a Rs.10 crore factory in Maharashtra that will meet the worldwide requirements of Pears soap. Exports for 1990, meanwhile, were to the tune of

Hindustan Lever *(R*

Year ended	Jan 91-June 91	Jan 90-June 90
Net sales	691.49	562.82
Other income	0.74	1.54
Raw materials cost	470.76	391.81
Salaries and wages	30.32	28.43
Operating profit	89.95	69.98
Interest	13.00	10.96
Gross profit	76.95	59.02
Depreciation	12.96	10.50
Tax	25.60	18.44
Net profit	38.39	30.08

Rs.162 crore.

HLL has also recently introduced a flavour of Close-Up toothpaste.

Sandvik Asia

It has been a good six months for this ducer of cemented carbide tools. Op ing profits have grown by 61.62 per over the same period last year, while g

Sandvik Asia *(Rs cr*

Year ended	Jan 91-June 91	Jan 90-June 90	July De
Net sales	32.56	24.67	6
Other income	0.47	0.41	
Raw materials cost	8.58	6.73	1
Salaries and wages	4.15	3.77	
Operating profit	8.00	4.95	1
Interest	0.95	1.01	
Gross profit	7.05	3.94	1
Depreciation	2.12	1.37	
Tax	2.27	1.11	3
Net profit	2.66	1.46	5

profits are up by 78.93 per cent. This mainly due to a healthy growth in sales 31.98 per cent from the comparal period last year.

The company has a research collabo tion with AB Sandvik Coromant fo years, starting last year.

Digital Equipment (India)

In its second full year of operation, Dig tal Equipment (India) has posted a n profit of Rs.2.33 crore as against a loss Rs.1.62 crore last year, a jump of 244 p cent. A joint venture between Digit

gital Equipment (India) *(Rs crore)*

ar ended	Jan 91-June 91	Jan 90-June 90	July 90-Dec 90
t sales & services	36.81	28.03	41.29
her income	0.96	0.67	1.43
w materials cost	13.59	12.25	17.53
laries and wages	2.75	1.99	4.05
erating profit	6.92	3.82	3.69
erest	3.43	1.87	3.28
oss profit	3.49	1.95	0.41
preciation	1.10	0.76	1.48
t profit	2.11	0.91	-1.62

uipment Corporation, USA, and the nditron Group of Companies, the mpany has more than doubled its ex- rt revenue since last year, to Rs.10.8 ore. Gross profit, meanwhile, has mped by more than 1,000 per cent.

RESULTS ANNOUNCED

odfrey Phillips

ck price at Rs.460 soars way above the 90 high of Rs.247.50; the company ses the year ended March 1991 with a bonus; dividend payout of Rs.7.50 per are

e company logged a gross profit mar- of 4.3 per cent (2.1 per cent) on a turn- er of Rs.531.96 crore (up 14 per cent). an equity base of Rs.2.60 crore, EPS bled to Rs.45.19 (Rs.15.27). The divi- nd was Rs.7.50 per share (Rs.5.00) at a yout ratio of 16.6 per cent (32.7 per nt). The bonus will double the equity to .5.20 crore. The market price discounts rnings 10.2 times.

ndo-Asahi Glass

ross profit margin doubles while the EPS five times higher; 1:1 bonus announced d dividend per share doubled for the ar ended March 1991

do-Asahi manufactures sheet glass, tured and wired glass. On a turnover of s.55.35 crore, the company has posted a oss profit margin of 25.7 per cent (13.8 r cent). On a equity base of Rs.3.22 ore, EPS is Rs.27.80 (Rs.5.68) while divi- nd per share is Rs.4.00 (Rs.2.00) at a payout ratio of 14.4 per cent (35.2 per cent). The 1:1 bonus will take equity to Rs.6.44 crore. The scrip quotes at Rs.360, way past the 1990 high of Rs.240, discounting earnings 12.9 times.

Indian Rayon

Maintains dividend of 30 per cent; margins under pressure; Rajshree Polyfil, a division of the company, implementing a 15,000 tpa polyester filament plant in technical and financial collaboration with AKZO Fibres & Polymers-Enka of the Netherlands

For the year ended June 1991, the company's turnover has increased by 18 per cent to Rs.479.12 crore. However, margins have fallen; gross profit is up by 7 per cent to Rs.50.76 crore and net profit is down by 24 per cent to Rs.15.04 crore.

During the period under review, production of rayon filament yarn was the highest ever but sluggish market conditions, coupled with higher import duty on pulp and a 33-per-cent hike in excise duty on rayon yarn, has put pressure on margins.

Meanwhile expansion of the cement capacity was completed through installation of a second kiln. The carbon black plant achieved 101 per cent capacity utilisation.

Prestige Foods

Net profits up by 171 per cent; EPS edges to par value; dividend up three points to 18 per cent.

For the year ended March 1991, the company processed 1.08 tonnes of soyabeans, 24 per cent more than it did last year. This has pushed its turnover up by 15 per cent to Rs. 80.89 crore.

The company's exports were down 12 per cent, mainly due to the Gulf crisis. However, in the current year upto July 1991, export orders worth Rs.13 crore have so far been executed with more than Rs.10 crore orders on hand.

IN BRIEF

Vishva Electronics, a 100-per-cent EOU, is being set up at Ahmednagar by the Rs.15-crore Nayyar group of the same city to manufacture audio and video tapes and cassettes. This is the latter's first foray into manufacturing activity. The new company has entered into a technical collaboration with Magnetic Machinery of Hongkong; the latter plans to buy back at least 75 per cent of Vishva's production. Of the total project cost of Rs.22.83 crore, around Rs.14.25 crore will be spent on import of equipment.

Delhi-based **Parasrampuria Synthetics** proposes to put up a 100-per-cent EOU for producing cotton yarn with a capacity of 25,000 spindles. The unit, which will be set up in cotton rich Madhya Pradesh, is expected to cost Rs.43 crore.

Asian Tractors, having gone public last year, has commenced trial production in June 1991. Commercial production is slated for end-September.

Incab's new jelly-filled telecommunication project at Jamshedpur in collaboration with Ericsson Cables AB of Sweden is ready to commence commercial production.

G.L. Rexroth Industries has completed the third phase of its modernisation programme with the installation of three more CNC machine tools. This programme involved a cost outlay of Rs.1.50 crore.

Bombay-based **Shrenuj & Company** is setting up a jewellery manufacturing unit at SEEPZ in Bombay. In order to part finance this, the company plans to come to the capital market with a public issue aggregating Rs.17 crore.

Suman Motels has declared a maiden dividend of 12 per cent for the year ended March 1991. The company proposes to change its name to SM Industries as it plans to diversify into other businesses.

Soya Udyog has embarked on an expansion plan which will increase its solvent extraction capacity from 300 to 400 tonnes per day. For the year ended March 1991, the company has declared a dividend of 15 per cent.

Lunar Diamonds is setting up its second 100-per-cent EOU at the Noida Export Processing Zone. It will shortly tap the capital market to part finance this plan.

Hyderabad-based **Satyam Computers** is setting up a 100-per-cent EOU for software exports. The project's capital outlay is placed at Rs.15.9 crore.

Shree Rajasthan Syntex of Udaipur is planning a new project at a cost of Rs.22 crore to manufacture polypropylene multifilament yarn.

Metalman Pipes is embarking on a Rs.10-crore cold rolled steel strips project with an installed capacity of 12,000 tpa.

Alsa Marine and Harvests

This small company will now go public and join multinationals like Hindustan Lever and Britannia Industries for whom such business forms but a small part of their larger business.

Alsa Marine and Harvests Ltd was incorporated in September 1989 taking over the business of three partnership firms engaged in aquaculture, processing and export of marine products. AMHL now has its processing facility near Vishakapatnam, it has developed aquaculture on 16 hectares of its own land near Nellore and has leased its processing facilities at Cochin, Calcutta and Madras. The company's sales for the year ended March 1991 were Rs.21.8 crore (all exported) while net profit was Rs.87 lakh.

Alsa Marine and Harvests	
Issue opens	: 5 September 1991
Size of the issue	: Rs.2.84 crore
To Indian public	: Rs.1.86 crore
Instrument	: Equity shares of Rs.10 each
Promoters	: Altaf Pasha, Salim Pasha, Elias Sait
Project	: Expanding existing aquaculture and setting up new processing facilities
Cost of the project	: Rs.6.62 crore
Plant location	: Nellore, Calcutta, Vishakapatnam
Listing	: Bombay, Madras

The company has made several proposals — to develop another eight hectares of land at Nellore for aquaculture at an estimated cost of Rs.55 lakh, to set up a new processing plant at Calcutta with modern facilities including plate freezers (3,000 mt pa) fish processing equipment (2,500 mt pa) cold storage (300 mt pa) and the individually quick frozen (IQF) freezer (3,000 mt pa). Says Elias Sait, managing director, "It is the IQF which will enable us to have a better hold in the export market."

The expansions are in addition to the existing facilities and are expected to be set up by September 1992. Modernisation and expansion is also underway at the company's Vishakapatnam processing plant. Processed marine products consist of shrimps, lobsters, cuttlefish, squid, etc. Exports to Europe and Japan will constitute a major part of AHML's sales.

Technology upgradation being the key factor for an improved status in this industry, AMHL is now confident of facing up to competition from well-known groups like Tatas and Thapars.

There is very little government support to the industry but the new benefits accruing from the exim scrip are expected to add to profitability.

I. G. Petrochemicals

Promoted by Mysore Petrochemicals Ltd, I.G. Petrochemicals is a new company with turnover of Rs.29.59 crore and profit after tax of Rs.2.70 crore during the 15-months ended September 1990.

I.G. Petrochemicals is setting up a plant at Taloja, in Raigad district of Maharashtra to produce 45,000 tonnes a year of phthalic anhydride (PAN) at a cost of Rs.62 crore. Financial assistance and technical collaboration is to be provided by Lurgi of Germany which will hold 10 per cent of company's total equity of 19.61 crore while Mysore Petro keeps 35 per cent.

The plant, will be a 100 per cent EOU and the company has already entered into an agreement with a Hongkong-based associate company of Lurgi which will purchase 100 per cent of the company's production in the first year and 75 per cent in the subsequent four years.

I. G. Petrochemicals	
Issue opens	: 9 September 1991
Size of the issue	: Rs.10.61 crore
To Indian public	: Rs.6.56 crore
Instrument	: Equity shares of Rs.10 each for cash at par
Promoter	: S.S. Dhanuka
Project	: A 100 per cent EOU for phthalic anhydride (PAN)
Cost of the project	: Rs.62 crore
Listing	: Bombay, Delhi and Calcutta

Despite this marketing arrangement, the question most frequently asked is, will the company get a remunerative price? The world demand and supply position for 1992 are expected to match at 2 lion tonnes (mt) while in the foll year, the demand is expected to be s more than the supply.

S.S. Dhanuka, chairman of the pany however, is confident that hi plant can take care of the demand-s gap of about 70,000 tonnes. More according to him, I.G. Petrochem will produce PAN at prices which can pete globally because his technolo state-of-the-art. Besides, PAN is not a product from Dhanuka. Mysore Pe plant with 12,000 tonnes capacity ready producing PAN since 1976.

Shreyans Paper Mill

This existing paper manufacturing c pany is diversifying into another bo ing industry — cotton spinning. Shre Paper Mills Ltd is setting up a ring s ning unit of 24,960 cotton spindles fo

Shreyans Paper Mills	
Issue opens	: 3 September 1991
Size of the issue	: Rs.21 crore
To Indian public	: Rs.7.31 crore
Instrument	: Partly convertible debenture of Rs.300 each. Rs.200 will be convertible into five equity shares of Rs.10 each at a premium of Rs.30, nine months from allotment, Rs.10 will be non-convertible
Promoter	: D.K. Oswal
Project	: To set up a spinning unit for the manufactu of carded/combed industrial cotton yarn
Cost of the project	: Rs.37 crore
Plant location	: Ludhiana, Punjab
Listing	: Bombay, Delhi, Calcutta, Madras, Ludhiana

manufacture of industrial cotton yar Says D.K. Oswal, chairman and mana ing director, "The company hopes to e port at least 25 per cent of its productio to European countries."

Earlier, Oswal was the managing direc tor of Vardhaman Spinning and had als promoted Mahavir Spinning in the Shre yans group. Adhinath Textiles Ltd, manufacturer of woollen/worsted yarn i

sently a company in the SPML group. The company will import autoconers m Murata of Japan and Savio of Italy combers from Rieter of Switzerland cost of Rs.3.21 crore. The spindles are ng procured from Indian manufacers. A phased project implementation been followed. This has resulted in 00 spindles already being operational. other 18,000 spindles are expected to operational from October 1991 and project will be completed by -1992. The main raw material, cotton, l be obtained from Punjab, Haryana Rajasthan.

n the paper business, thanks to continus upgradation, SPML now has a capay to produce 20,000 tpa of paper. In the t three years the 100 per cent capacity lisation has resulted in a total income Rs.34.8 crore for the 18-months ended arch 1991 and a net profit of Rs.4.09 re for the same period.

According to D.K. Oswal, the comny has a higher profitability as its prot is agro-based. The management has ns to increase capacity to 30,000 mt a ar. However, this is to be made via the ceover of a sick unit at an investment st of Rs.20 to 25 crore.

After conversion of the present rights n public issue, SPML's equity capital will around Rs.6.5 crore. This is not high mpared to other companies with simiprojects.

The company has been paying continus dividend since five years but the acunting years have been changed twice, 17 months up to September 1989 and 18 months up to March 1991, in the t three years. The management expects boom to prevail in both industries and ojects a turnover of Rs.42 crore for arch 1992 and Rs.57 crore for March 93.

Maharaja International

ith convenient finance schemes bringg luxury appliances within the common an's reach, the production of refrigerars, washing machines, dishwashers, etc on the rise.

The Maharaja brand of home apiances like mixer-grinders, juicers, elecic irons, semi-automatic washing achines have been in the market for me years. Now the management claims at it is the country's second largest anufacturer of both washing machines and mixers.

The new project with an installed capacity to manufacture 250,000 refrigerators and 100,000 dishwashers a year, is being set up with technical collaboration from Siltal Casa, Italy. Commercial production is scheduled for end October 1991 this year.

The promoters are confident that their refrigerators of capacities with 165 and 240 litres will be on a par with the present market leaders with respect to quality as well as efficiency. The dishwashers, according to Hari Om Bhatia, director, have been adapted to Indian conditions. However, the price of a dishwasher will be prohibitive he says. Initially, the company will be importing critical components like the timer and programmer, compressors, heaters and the thermostat. The company hopes to offset the outflow of foreign exchange via exports. This is clear from the prospectus which states that government stipulations make exports mandatory.

Maharaja International	
Issue opens	: 9 September 1991
Size of the issue	: Rs.7.35 crore
To Indian public	: Rs.4.38 crore
Instrument	: Equity shares of Rs.10 each
Promoters	: Harish Kumar, Hari Om Bhatia
Object of the issue	: To set up a plant for the manufacture of refrigerators and dishwashers
Cost of the project	: Rs.11.35 crore
Plant location	: Alwar, Rajasthan
Listing	: Bombay, Delhi, Ahmedabad, Calcutta and Bangalore

The company was incorporated in August 1988 and, to date, no profit and loss account has been prepared. The group turnover for 1990-91 was Rs.25 crore. However, Bhatia predicts a turnover of Rs.100 crore for the company in the next three years. The company hopes to improve turnover through its new products which will fall into the higher price range.

The company is banking on its marketing network, a bit of brand loyalty and the fact that it is the first entrant in the market with dishwashers to help achieve its target.

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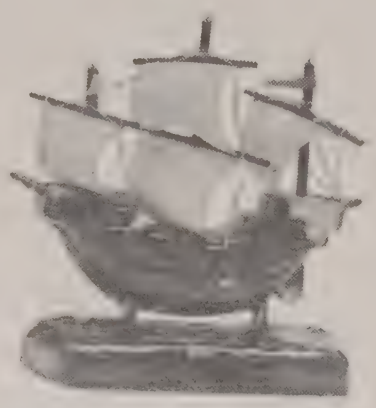
THE
Business India
GROUP



Of course we'll pay him handsomely. Of course we'll give him a bungalow and car in Cochin. Of course this is the opportunity he's waiting for. Of course you're going to be mad if he doesn't read this ad.

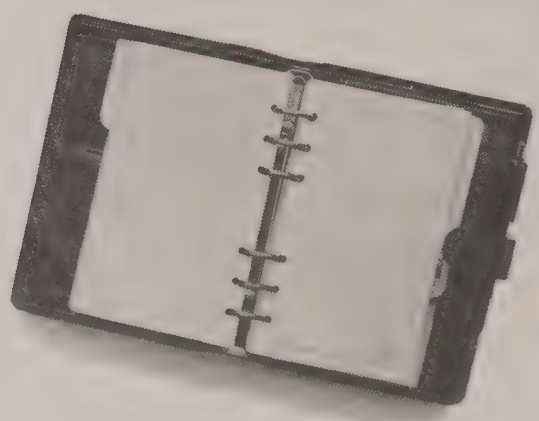
About 40 years old. A B.Tech (Chem.). An MBA (IIM). A senior manager with a chemical process company. Itching for that big break. If that's your husband, he could be our next Vice President (Operations). (Scratch, scratch.)

He'll report to the M
And be part of a se
team comprising o
financial, marketing
commercial VPs. T
help in formulatin
and implementing
business strategies
He'll also decide o
wage increases.
Manufacturing
collaborations. Capi
expenditure. Technol
choices. And produ
prioritisation. Is that
challenge or is that
challenge?



Part of the Bombay Oil group. The global leader in spice oleoresins. That's Kancor. Forty percent of our equity is held by McCormick, US food giant, Fortune 300 company, and the world's largest spice company. You mean you haven't heard of us? Tch, tch.

All this is all very well, but what happens a few years down the line? Well, it's quite possible that we'll spin off some of our units into



Strategic Business Units – one of which your husband could head as chief executive. Too good to be true? Que sera sera.





HOW TO STOP YOUR HUSBAND FROM THROWING AWAY THIS CHANCE TO WORK WITH THE WORLD'S LEADING SPICE COMPANY.

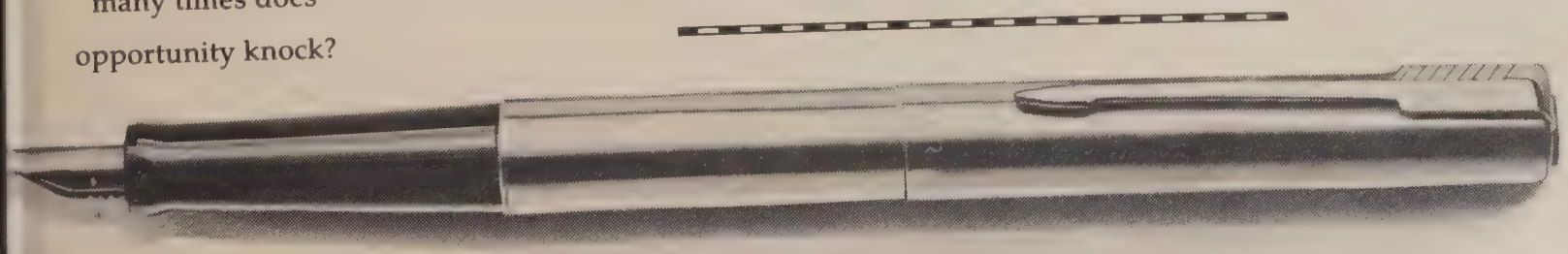
Quiz time! What happens when you use high technology to add value to traditional products in a declining market? You create and develop a global export opportunity



– in this case, in spice oleoresins.
Next question: How many times does opportunity knock?

When he asks your opinion, tell him that he'll be in charge of Rs 20-30 crores of production. Over 150 employees. And 4 manufacturing installations. We think even his mother-in-law will be impressed.





Enough said. Ask your husband to write to Sanjay Mariwala at Kancor Flavours & Extracts. The address is on the visiting card. And the visiting card could soon be in your husband's briefcase.



Tell her you won't know what to do on weekends and holidays. Swim at Kovalam? Watch wildlife at Periyar? Trek at Munnar? See oceans churn at Kanyakumari? Decisions, decisions.

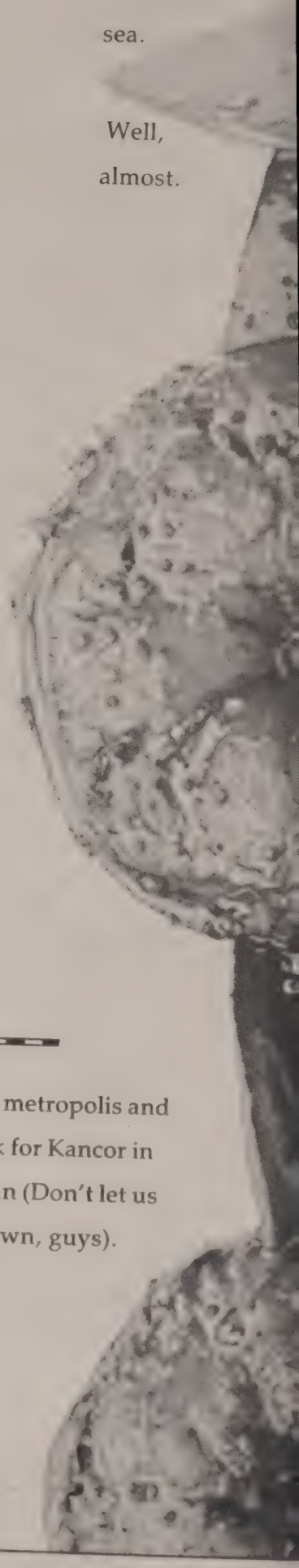
There are quite a few things you won't find in Cochin. Traffic jams. Pollution. Queues. Crowds. High blood

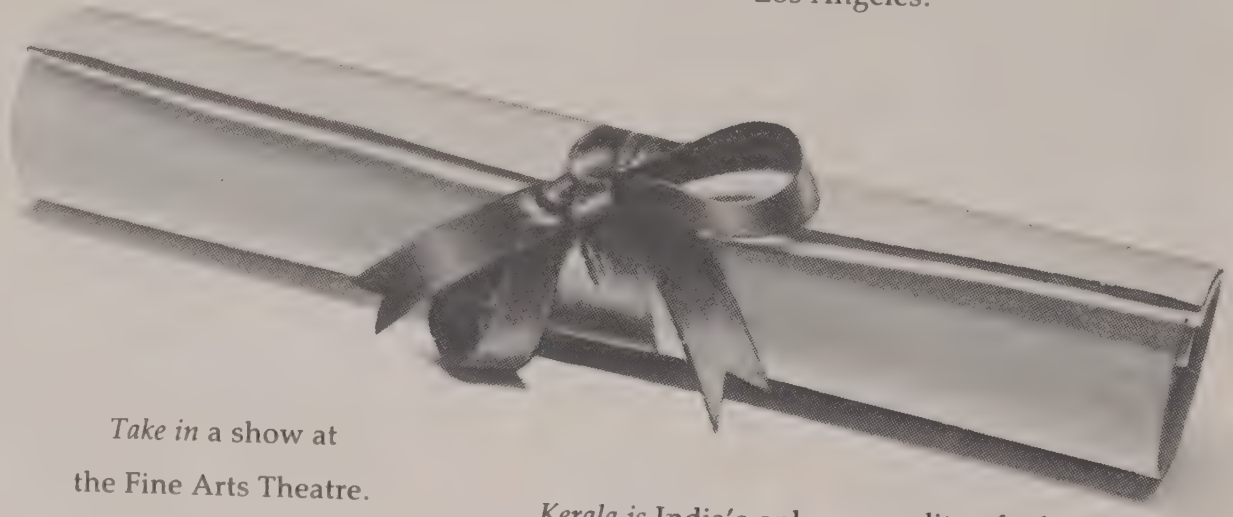


pressure. Otherwise, it's as cosmopolitan as you'd like. Roll over, Los Angeles.

Appams and curry f
breakfast. Appams
curry for lunch.
Appams and curry
dinner. Hold on, do
get carried away.
There are as many
hotels and restauran
in Cochin as there
are fish in the
sea.

Well,
almost.





Take in a show at the Fine Arts Theatre. Improve your handicap at the Bolghatty golf course. Show off your cocktail-making skills at the Yacht Club. Sing shanties along with residents of the naval base nearby. Sneer at people who say Cochin is boring.

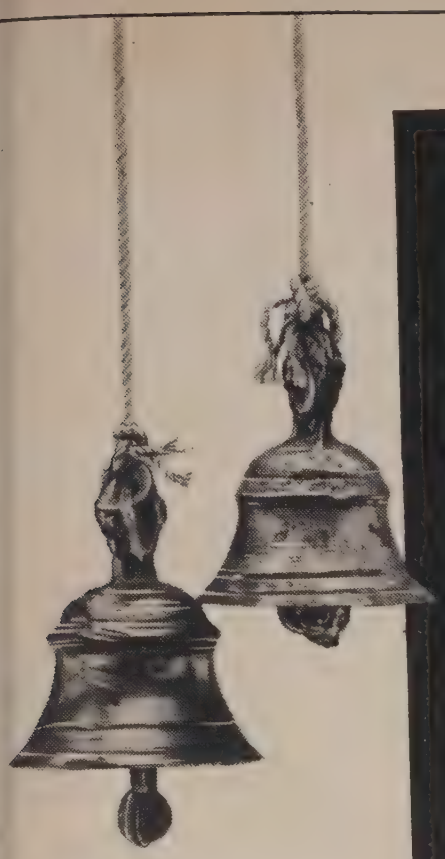
Kerala is India's only 100% literate state. Does that tell you something about the quality of schools, colleges and universities you'll find in Cochin?



If she's still reluctant, take her along to spend an evening with J.Negandhi, Vikas Rishi, Madhukar Mishra, Kapil Sahoo and Abhijit Bhattacharya. They'll tell her why they've never regretted their decision to leave a stuffy metropolis and work for Kancor in Cochin (Don't let us down, guys).

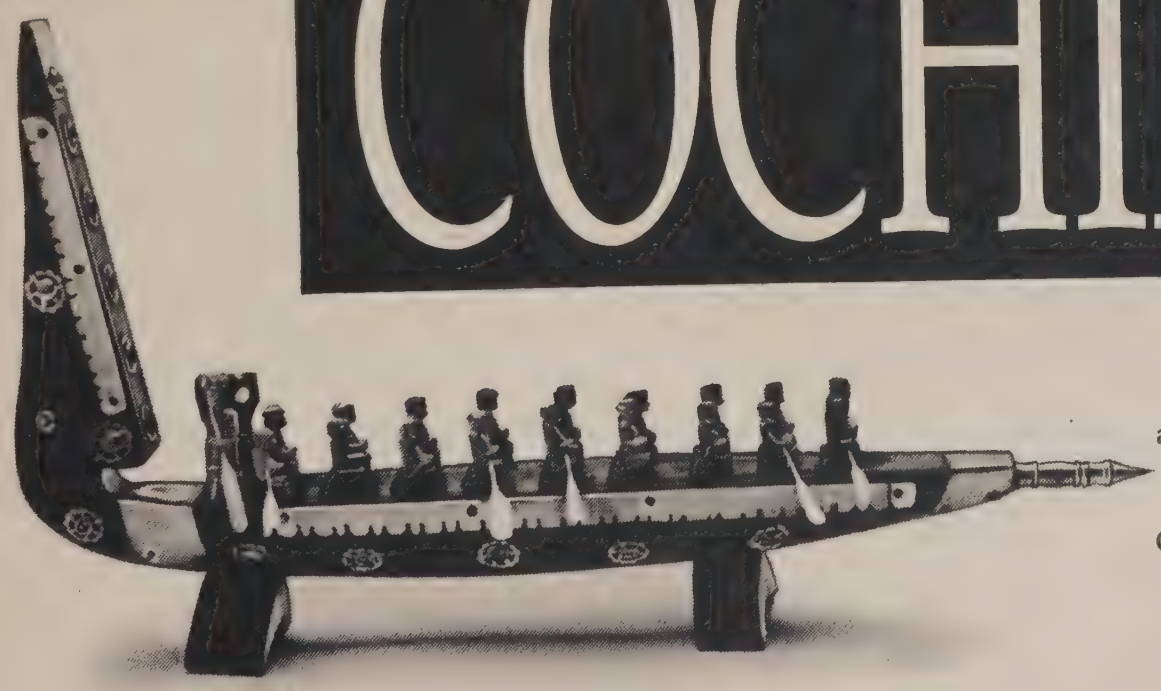


Kancor Flavours and Extracts Ltd.



HOW TO STOP YOUR WIFE FROM THROWING A FIT WHEN YOU TELL HER OF YOUR NEW JOB IN COCHIN.

At least once a year, do visit Guruvayur, the Dwarka of the south; Kaladi, where Adi Shankaracharya was born; or Trichur, "the town with the name of Lord Shiva". For God's sake.



Tell your wife you'll pick her up after your first day at work.

To go for a boat ride into Cochin's backwaters. Remind her to bring along the loaf of bread and jug of wine.

Does one get fresh vegetables, seafood and superbly stocked supermarkets in Cochin? Does the sun rise in the East?





MUST YOU RE-DO YOUR OFFICE FOR EVERY NEWCOMER?

Every time your employees increase in number, your office seems to decrease in size. Everybody is stepping on everybody's toes. ■ What your employees and you need is space. Space to think. Space to work. ■ But you can't keep building walls to suit their needs. Or break them down for that matter. ■ What you can do is Seccolor your office. Seccolor partitions and doors, apart from giving the much required privacy, keep out water, dust and noise. ■ Designed in Italy and made of pre-painted galvanised steel that never rusts, Seccolor partitions and doors are easy to install. And just as easy to dismantle. They also save you the bother of having an army of carpenters invade your office. ■ With Seccolor, your maintenance costs will be cut by 100% and energy costs by at least 30%. Fire resistant, they are guaranteed to last you a life-time. ■ Available in a variety of breathtaking colours and unlimited choice of material for panels, NCL Seccolor partitions and doors are the obvious answer to your problems. ■ For more information, write to us or drop in at our office closest to you.



SECCOLOR PARTITIONS AND DOORS.
THE LATEST IN CORPORATE MAKE-OVERS.

Yes, I'm interested! S
me detailed literatur
on the new revolutio
Seccolor office syst

Name _____

Address _____

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at address given

ISSUES MARKET

roblems and prospects

ssues coming to the market are invariably well conceived with nsic merit, and can be expected to elicit a good response on own strength

no accident that rising secondary kets have always spawned a surge of ssues of capital by new and existing anies. A secondary market boom is ly based on a buoyant economy and tations of good performances by companies. In such a positive envi- ent, new issues, especially in indus- which are doing particularly well, o be successful.

day, there are over 12 million inves- These investors have profited gh subscriptions in primary markets have gained appreciably after listing ie secondary markets. Not sur- gly, primary markets have garnered sums in the past and the quantum of : that could be raised is also huge. It afely be said that even Rs.7,000 crore w issues can be raised over the next onths from capital markets.

e target for the Eighth Five Year is to raise Rs.50,000 crore from the ary markets i.e. Rs.10,000 crore per on an average. What is the medium- scenario?

e interesting aspects of the primary ets are twofold: first, how the pro- of different participants in these mar- have changed, and second the impact changing regulatory environment.

st, the promoters of new issues are rent these days. Better educated, they, e their forebears, are not afraid of ng the capital markets as a source of s to finance their rapid growth. They aware of the benefits of working gh listed companies and realise that ol can be retained through a minor- though significant, stake.

suppliers of funds, we have inves- many of whom belong to the tradi- al middle class and include ewives and retired persons. Their entry into stockmarkets indicates a amental change in investing attitudes ng this class. There is a growing real- on that investment in these instru- ts is a hedge against inflation.

nother manifestation of this social ge is geographical. Areas once con- red unadventurous have realised the ortance of capital markets. An exam- ple is Calcutta which earlier used to contribute 4 to 5 per cent of the total funds raised in an average public issue. Currently, Calcutta contributes an average of 12 per cent. In fact, the change in the regional pattern of funds collection is of very recent origin and now forms a cornerstone of any issue management strategy.

Then there is increasing professionalisation among intermediaries, including merchant bankers and broking firms. Their dealings with financial institutions (who have insisted on a professional approach) have helped them in this change. Also, with institutions being allowed to take up membership in stock exchanges, a qualitative change is being ushered in there also.

Infrastructural changes

One of the major problems facing the capital markets has been the lack of investors' confidence. This originated from a lack of liquidity, inefficient market mechanisms, insufficient number of stock exchanges and brokers, lack of investor education, lack of professionalism and a lack of transparency in trading.

Things have begun to improve with the advent of the Securities and Exchange Board and other new institutions, as well as institutional membership of stock exchanges. Another notable feature is the building up of networks of sub-brokers — in the project township of Bhilai, for example, these sub-brokers offer their services just outside the main gate of the plant.

The question remains whether the more than 300 new issues slated between September and next March will succeed. Normally there is a spate of new issues just before the budget because of the associated risk of entering a dull post-budget market. This creates a phenomenon of 'crowding' before the budget and the corresponding 'non-crowding' in the immediate post budget period of two to three months. In the current context, the crowding effect will be much more due to the tendency of the promoters to take advantage of the unexpected boom in the secondary market.

Some may feel uncomfortable about the success of so many issues likely to hit the market in a short time. However, thanks to recent regulatory measures, the issues coming to the market are largely well conceived with intrinsic merit, and can be expected to elicit a good response on their own strength.

An important factor is the wider choice available to investors in the shape of new instruments like zero coupon bonds and warrants in addition to traditional equity and debentures. In future, the variety will increase with new instruments like zero coupon convertibles, non voting shares and options on the anvil.

Here, a moot point is the withdrawal of permission to mutual funds for getting preferential allotment in the public issues. Investors who would not otherwise get allotment in a public issue, could have derived some benefit if mutual funds formed out of their contribution could be allowed this latitude. The crux of the matter is that mutual funds are pooled resources of individual investors and should be seen as such.

In conclusion, a caveat: while non-project related factors like timing, the state of secondary markets, marketing strategy, regional collection patterns and nature of instruments being offered, etc, play an important role in the success of a new issue, the role and responsibility of merchant bankers has increased. They will need to gear up for their new role. That said, the primary market is set for substantial growth.



■ S.M. PARANDE

The author, chief general manager, State Bank of India, is a former executive director of SBI Capital Markets Ltd, is currently on deputation from the State Bank of India as the Bombay high court appointed provisional liquidator for the Bank of Credit and Commerce International

Stockmarkets

Company	Closing price 23.8.91	Fortnight ago 9.8.91	P/E (times)	Yield (%)
A.P.Rayons	70.00	57.50	11.7	
ABB	187.50	165.00	21.1	1.4
ACC	3420.00	2980.00	17.3	
Asian Cables	48.75	34.00	7.2	3.1
ATV Projects	47.50	42.50	6.6	3.7
Abbott Labs	65.00	57.50	27.6	
Acme mfg.	18.75	17.50	12.2	8.0
Addi Ind	90.00	90.00	8.7	2.8
Ahm Electric	625.00	550.00	27.1	2.6
Alfa Laval	280.00	300.00	21.3	
Alkyl Amines	175.00	165.00	74.2	1.3
Amal Rasayan	71.25	52.50		
Amar Dyechem	170.00	140.00	19.8	
Amforge	87.00	85.00	15.5	3.2
Amrit Banasp	77.50	78.75	13.5	2.6
Andhra Cement	28.00	20.00		
Andhra Paper	1465.00	1450.00	8.2	1.7
Andhra Valley	1500.00	1525.00	25.9	1.3
Antif Bearing	105.00	102.50	11.8	2.4
Apollo Tyres	120.00	97.00	23.7	2.1
Apple Ind	42.50	37.00	6.0	6.0
Arihant Fab	28.75	31.00	10.2	7.0
Arvind Mills	100.00	100.00	9.7	3.2
Asahi Ind	160.00	120.00		
Ashok Ley Fin	100.00	115.00	6.2	3.0
Ashok Leyland	125.00	123.00	15.0	2.2
Asian Coffee	31.50	31.00		
Asian Elect	1425.00	1400.00	5.9	1.4
Asian Hotel	77.50	72.50	14.3	3.9
Asian Paints	266.25	235.00	20.9	1.7
Asian Tractor	30.00	30.00		
Assam Co	165.00	160.00	16.3	3.3
Assam Front	335.00	370.00	12.1	2.2
Astra IDL	108.75	90.00	16.7	1.6
Atlas Copco	102.50	105.00		
Atlas Cycle	195.00	200.00	10.4	1.0
Atma Steel	43.75	44.00	6.2	3.4
Austin Engr	105.00	102.50	8.5	
Auto Corp Goa	62.00	56.00	23.9	3.2
Autolite	125.00	115.00	13.7	
BASF	167.00	175.00	19.3	1.2
BCL Forging	30.00	32.50	10.3	6.7
BMD Foundry	190.00	190.00	19.0	1.3
BPL Sanyotec	50.00	41.25	31.4	
Bajaj Auto	717.50	667.50	23.9	1.4
Bajaj Elect	1125.00	1150.00	8.4	2.2
Bajaj Plastic	80.00	75.00	6.3	2.5
Bajaj Tempo	242.50	220.00	13.7	1.0
Bake Hylam	53.75	50.00	13.2	3.4
Balkrishna	220.00	190.00	10.6	
Ballarpur	320.00	300.00	15.9	
Bannari Amman	73.75	53.75	7.9	2.7
Baroda Rayon	910.00	885.00	66.7	1.3
Batliboi	77.50	80.00	7.8	2.2
Bayer	1050.00	1000.00	20.2	2.1
Bell Ceramic	46.25	45.00	10.0	2.2
Bellary Steel	40.00	45.00	8.6	2.5
Best & Crompt	52.50	47.50	17.6	2.5
Bhadra Paper	175.00	180.00	20.9	2.1
Bhansali Eng	14.00	13.50		
Bharat Bijlee	2800.00	2500.00	11.1	
Bharat Forge	245.00	237.50	24.9	1.2
Bharat Gears	62.50	49.00	11.4	2.4
Bharat Seats	62.50	45.00	13.7	1.3
Bharat Vijay	1075.00	940.00	6.3	2.0
Bhilwara Syn	32.50	31.00	16.0	
Bihar Caustic	37.00	35.00		
Bimetal Bear	195.00	167.50	16.2	1.1
Bindal Agro	45.00	40.00	13.3	11.1
Birla 3M	180.00	102.50		
Birla Jute	340.00	335.00	17.7	
Birla Kenna	80.00	80.00		
Blow Plast	180.00	152.50	12.0	2.1
Blue Blend	31.00	26.00	12.8	7.1
Blue Star	67.50	61.25	11.3	2.4
Bom Burmah	1225.00	1200.00	11.1	2.9
Bom Dyeing	290.00	262.50	18.1	1.0
Bom Tyres	68.75	55.00	5.8	
Bombay Sub	135.00	135.00	4.8	1.3
Boots	205.00	190.00	21.2	1.6
Britannia	195.00	180.00	36.0	1.5
Brooke Bond	150.00	145.00	21.1	2.7
Burroughs	142.50	125.00	32.1	1.2
C.P.Tools	870.00	770.00	34.6	
Cable Corp	102.50	98.00	11.4	2.7
Cadbury	191.25	185.00	30.0	1.8
Camphor	75.00	60.00	7.3	3.3
Caprihans	92.50	81.25	6.3	2.7
Carbon Corp	52.50	50.00	8.6	2.9
Carona	32.00	35.00	35.5	6.2
Carrier Air	18.50	17.50		
Castrol	430.00	405.00	20.1	1.1
Ceat Tyres	115.00	97.50	15.1	2.6
Cem Corp Guj	45.00	45.00		
Cemindia	160.00	120.00	27.3	1.9
Century Enka	3500.00	3175.00	33.6	1.4
Century Text	7300.00	6625.00	23.8	
Chem & Plast	210.00	210.00	15.0	1.4
Chemfab Alk	92.50	80.00	12.8	2.2
Cheminor Drug	87.50	80.00	8.3	3.4
Chloride	110.00	110.00	17.9	2.9
Choksi Tube	57.50	55.00	18.8	3.1
Chowg Steam	104.00	86.00	72.3	
Cimmco	90.00	90.00	12.8	1.8
Cipla	5100.00	5050.00	12.1	
Citurgia	177.50	182.50	18.1	2.0
Classic Diam	59.00	61.25	6.3	3.7
Coates	150.00	150.00	15.7	1.7
Cochin Refin	780.00	840.00	8.9	2.7
Colgate	361.25	335.00	26.2	1.7
Colour Chem	1200.00	1125.00	23.0	
Cont Pumps	100.00	80.00	13.6	2.4
Core Parental	310.00	270.00	13.9	
Corom Fert	77.50	75.00	10.9	5.9
Crompt Greave	1400.00	1325.00	10.6	1.3
Cyanamid	170.00	170.00	19.4	1.8
DCM Toyota	35.00	37.00	7.5	
DCW	103.75	108.75	10.2	2.6
Dalmia Cement	530.00	360.00	13.1	
Dawn Mills	800.00	600.00	11.0	
Deccan Cement	125.00	118.75	30.3	1.3
Deepak Fert	31.25	30.00	9.6	5.8
Deepak Nitr	110.00	100.00	8	
Dharamsi	55.00	51.25	10	
Diam & Chem	72.50	65.00	9	
Digital Equip	92.00	63.50		
Dr.Beck	105.00	100.00	17	
Dr.Reddy's	200.00	177.50	14	
Dunlop	80.00	67.50	28	
Duphar-Inter	87.50	85.00	16	
E. Merck	153.00	167.50	46	
E.Coast Steel	82.50	80.00	28	
E.I.Hotels	60.00	50.00	25.6	
EID Parry	130.00	130.00	12.6	
Eicher Motors	42.50	40.00	6.2	
Eicher Tract	160.00	147.50	10.4	
Elecon Eng	47.50	50.00	59.6	
Electrosteel	120.00	117.50	11.0	
Elgi Equip	320.00	280.00	18.0	
Elgi Tyres	130.00	140.00	10.0	
Ema India	55.00	55.00	9.8	
Esab India	130.00	115.00	55.1	
Escorts	175.00	155.00	18.5	
Escorts Trac	170.00	155.00	15.1	
Eskayef	221.25	212.50	19.7	
Essar Gujarat	100.00	98.00	57.7	
Essar Ship	58.00	53.50	9.0	
Eternit Ever	125.00	122.50	12.7	
Eurotex	64.00	48.75	22.6	
Excel	405.00	335.00	18.6	
FAG Precision	92.50	92.50	6.2	
FGP	60.00	60.00	17.3	
Facit Asia	95.00	110.00	11.4	
Ferro Alloys	65.00	57.50		
Ficom Organic	167.50	152.50	12.6	
Finolex Cable	235.00	215.00	13.5	
Finolex Pipe	28.75	26.00	7.1	
First Leasing	35.00	35.00	5.0	
Flakt India	85.00	90.00	21.4	
Flex Ind	57.50	58.75	12.5	
Foods & Inns	195.00	182.50	22.8	
Forbes Forbes	122.50	115.00	7.6	
Fulford	265.00	260.00	44.6	
G.E.Shipping	104.00	88.00	23.5	
G.K.W.	42.50	42.50	18.0	
G.P.Electron	77.50	62.50	12.0	
G.T.C.Indust	140.00	95.00	9.9	
G.V.Films	30.00	26.00	13.2	
Gabriel	65.00	57.00	10.5	
Gammon	135.00	135.00	67.8	
Garden Silk	77.50	42.50	72.8	
Garware Nylon	41.00	39.00		
Garware Poly	58.00	56.00		
Garware Ship	32.50	33.75	11.3	
Garware Wall	113.75	96.25	20.2	
George Will	230.00	205.00	20.1	
German Rem	135.00	137.50	37.7	
Ginni Filam	37.00	30.00		
Glaxo	162.50	143.75	30.7	
Goa Carbon	165.00	165.00	10.4	
Godfrey Phil	460.00	390.00	10.2	
Goetze	137.50	135.00	15.8	
Gokak Patel	315.00	297.50	15.4	

	Closing price 23.8.91	Fortnight ago 9.8.91	P/E (times)	Yield (%)
ar St	18.50	18.50		
Peip	57.50	55.00	7.6	
ass Nero	63.75	60.00	15.1	3.5
icke	285.00	270.00	22.6	2.3
ear	80.00	60.00	25.8	3.1
d Rubber	122.50	107.50	6.9	1.4
n	318.75	293.75	20.1	1.1
e Cotton	102.50	105.00	10.3	1.8
ch CNC	35.00	35.00		
well Nor	71.25	75.00	16.0	3.9
kalies	175.00	172.00	20.7	1.6
mb Cem	265.00	228.75	13.6	1.5
par Poly	35.00	34.00		
aments	42.50	38.00	5.9	5.2
odrej	35.00	27.00		
eavy Che	27.00	23.75		
armada	44.50	45.00	55.2	1.8
land	39.00	40.00	15.7	1.5
etrosyn	40.00	40.00	10.6	5.0
ate Fer	255.00	232.50	22.8	1.2
	410.00	398.75	33.9	1.9
on	216.25	202.50	20.5	3.5
na Petro	95.00	60.00	10.3	2.1
ns	40.00	36.25	11.5	
lia	130.00	95.00	12.8	2.0
Honda	122.50	113.75	12.4	
Seide	110.00	80.00	28.1	1.4
Alloy	86.25	87.50	13.7	3.5
Ciba	1950.00	1975.00	34.6	1.3
Constr	25.00	20.00	45.0	5.5
Dev Corp	103.75	101.00	21.2	1.9
Dorr	115.00	145.00	15.6	2.6
Electro	100.00	80.00	11.2	2.8
Lever	157.50	140.00	22.0	2.7
Motor	37.00	29.25		
Oil Expl	30.00	24.00	99.3	
Spin	3950.00	3900.00	6.5	1.9
lco	336.25	312.50	18.1	
ron	120.00	92.50	19.8	
n Drill	50.00	48.75		
nst	4000.00	3800.00	57.5	
nas	170.00	155.00	37.6	1.1
ng Dev	440.00	480.00	6.6	5.0
abad Ind	160.00	170.00	11.5	1.9
	72.00	72.50	14.2	
	360.00	380.00	5.1	6.1
	35.00	30.00	10.5	
gro	180.00	160.00		
	253.00	262.50	21.6	2.1
	110.00	110.00	19.7	1.4
Cement	282.50	240.00	14.6	
Foils	100.00	77.50	15.3	2.3
Forge	67.50	62.50	28.9	1.8
Glycol	75.00	70.00		
Gypsum	17.00	13.00		
Photo	100.00	80.00		2.0
n Alum	212.50	182.00	15.1	1.4
n Card	160.00	157.50	12.8	1.9
n Dye	1135.00	950.00	14.4	2.2
n Hotel	150.00	142.50	24.6	1.7
n Hume	280.00	270.00		5.4

Company	Closing price 23.8.91	Fortnight ago 9.8.91	P/E (times)	Yield (%)
Indian Org	66.00	57.00	25.6	1.5
Indian Rayon	219.00	170.00	37.0	1.4
Indian Seam	171.25	147.50	11.7	1.5
Indian Sew	70.00	55.00	15.1	3.6
Indian Shav	92.50	85.00	32.5	
Indo Asahi	360.00	310.00	12.9	1.1
Indo Matsuhit	76.25	70.00	10.8	2.6
Indo National	190.00	185.00	11.2	1.3
Indogulf	47.00	44.00		
Indorama Syn	63.00	54.00	31.1	1.6
Ingersoll	350.00	345.00	37.4	1.0
Invel Trans	80.00	67.50	76.9	
Ion Exchange	95.00	87.50	15.5	1.4
Ipitata	73.75	72.50	25.1	
J.B.Chem	147.50	142.50	8.1	2.0
J.K.Indust	133.75	96.50	11.3	2.2
J.K.Synthetic	52.00	51.00	33.4	1.0
JBF	101.00	94.00	8.9	2.4
JCT	165.00	130.00	14.3	2.4
Jai Parabolic	38.75	28.75	45.9	
Jain Irrigat	175.00	150.00	17.1	1.0
Jaiprakash	55.00	49.50	10.0	2.7
Jamna Auto	105.00	105.00	8.8	2.4
Jayant Paper	67.50	67.50	16.4	3.0
Jaybharat Fab	75.00	65.00		
Jaybharat Mar	46.25	37.00	10.5	3.2
Jindal Drill	130.00	97.50	9.9	1.5
Jindal Iron	180.00	145.00		
Jindal Strips	335.00	270.00	21.7	1.2
KSB Pumps	215.00	225.00	26.2	1.2
Kalyani Brake	107.50	70.00	21.9	
Kalyant Steel	300.00	300.00	30.3	2.5
Kanoria Ind	52.50	42.50		
Kanthal Bimet	58.75	55.00		
Kelvinator	145.00	130.00	13.8	1.4
Kerala Chem	280.00	270.00	17.4	1.2
Kesoram	180.00	125.00	37.4	
Khatau Junker	72.50	62.50	5.2	3.5
Khoday Dist	27.00	27.00	11.2	4.4
Kinetic Eng	200.00	205.00	14.8	1.2
Kinetic Honda	94.00	81.00	26.8	
Kirl Bros	155.00	140.00	15.7	1.4
Kirl Cummins	191.25	172.50	26.5	1.1
Kirl Oil	87.50	74.00	11.1	1.8
Kirl Pneu	42.50	37.50	16.0	4.2
Kit-Ply	22.00	21.00	8.2	10.0
Klock Wind	195.00	195.00	20.3	1.2
Kunal Eng	100.00	95.00	6.9	2.5
LML	34.00	31.00		
Lakhanpal	70.00	52.00	13.3	2.3
Lakme	330.00	295.00	32.5	1.5
Lakshmi Mach	4100.00	3750.00	20.5	
Lakshmi Mill	1600.00	1600.00	9.8	1.6
Lakshmi Synth	72.50	70.00		
Larsen Toubro	157.00	147.50	13.0	1.6
Lipton	163.00	133.75	44.0	1.4
Lorcom	135.00	115.00	11.7	2.2
Loyal Text	245.00	250.00	16.5	
Lumax Ind	85.00	70.00	11.1	
MRF	665.00	550.00	13.4	
Madhusudan	87.50	65.00	11.4	2.3

Company	Closing price 23.8.91	Fortnight ago 9.8.91	P/E (times)	Yield (%)
Madras Alum	225.00	225.00	6.2	
Madras Cement	6600.00	5600.00	10.8	
Madura Coats	230.00	225.00	33.8	1.5
Mafatlal Fine	630.00	660.00	19.8	2.7
Mafatlal Ind	1350.00	1375.00	22.0	2.2
Mah Safe Glas	38.75	36.25	9.2	
Mah Scooter	220.00	210.00	12.1	1.1
Mahavir Spg	215.00	210.00	10.0	
Mahin & Mahin	93.75	105.00	21.4	1.9
Mahin Nissan	19.00	17.00		
Mahin Ugine	47.50	50.00	13.1	4.2
Malwa Cotton	170.00	170.00	8.3	1.9
Mandovi Pell	72.50	62.50		
Mangalam Cem	135.00	107.50	23.5	1.8
Mangalore Che	14.75	11.50		
Max India	95.00	95.00	10.3	3.2
Mcdowell	70.00	60.00	13.8	3.6
Mcleod Russel	165.00	160.00	15.2	2.7
Merind	200.00	132.50	25.4	1.0
Miles India	85.00	77.50	26.5	2.1
Milkfood	170.00	165.00	17.0	
Mipco Seam	60.00	45.00	16.2	2.0
Modern Suit	37.50	37.50	17.6	5.3
Modi Rubber	95.00	77.50	13.9	2.9
Modi Xerox	90.00	82.50	18.4	2.8
Modipon	78.75	82.50	2.8	5.1
Monsanto Chem	80.00	87.50	29.6	2.2
Montari	86.00	86.00	13.2	2.1
Morarjee Gocu	325.00	310.00	13.5	
Motor Ind	1640.00	1390.00	41.8	
Mukand	151.25	142.50	19.1	2.0
Munjal Showa	97.50	80.00	19.5	1.0
Murud Ceramic	56.00	56.00	8.5	2.9
Mys Cement	170.00	160.00	32.9	1.0
Mys Kirlos	47.50	46.50	6.5	4.2
Mys Petro	60.00	55.00	7.6	5.3
Nag Finance	15.00	15.00	4.5	13.3
Nag Signode	120.00	121.25	16.3	
Nahar Exports	230.00	132.50		
Nahar Spg	600.00	570.00	7.1	
Nalco Chem	250.00	260.00	87.4	
Nat Peroxide	95.00	2500.00	3.8	10.5
Nat Radio	540.00	525.00	48.3	
Nat Rayon	1050.00	825.00		
Nath Pulp	81.25	64.00	11.8	2.2
Nestle	200.00	185.00	62.1	1.2
Nicholas Labs	215.00	325.00	10.4	1.6
Nippon Denro	27.00	28.00	6.4	7.0
Nirlon	29.00	34.00		
Nocil	1650.00	1650.00	16.6	2.4
O.E.N. Conn	105.00	95.00	10.7	
Oil Country	24.00	25.00		
Onida Saka	47.50	38.00	32.7	
Onida Savak	102.50	80.00	26.2	1.5
Orient Abras	85.00	67.50	5.4	
Orient Cont	165.00	105.00	7.0	2.4
Orient Paper	165.00	200.00	12.1	1.8
Orissa Cement	250.00	210.00	9.5	1.0
Orissa Sponge	105.00	92.50	25.5	
Orkay	39.00	30.50	62.4	
Oswal Agro	45.00	42.00	10.4	11.1

Stockmarkets

Company	Closing price 23.8.91	Fortnight ago 9.8.91	P/E (times)	Yield (%)
Otis Elev	210.00	220.00	26.0	1.2
Oudh Sugar	1000.00	1050.00	8.6	2.8
PSI Data	32.00	30.00	19.3	9.4
Padmatex	48.00	36.25	12.6	
Paras Synth	95.00	77.50	5.6	2.6
Parke Davis	117.50	111.25	8.3	2.0
Patheja Forg	100.00	95.00	16.4	2.7
Pearl Poly	30.00	29.00	16.0	6.7
Peico	127.50	121.00	15.4	1.6
Pennar Steels	30.00	28.75	6.8	4.0
Pfizer	131.25	118.75	44.1	1.5
Piramal Spg	150.00	145.00	5.9	1.3
Polar Latex	32.50	32.50		
Polychem	67.50	67.50	15.8	2.7
Polyolefins	1650.00	1650.00	19.8	2.4
Ponds	302.50	255.00	40.0	1.2
Ponni Sugar	33.75	33.75	9.4	5.3
Prakash Ind	45.00	45.00	6.1	5.6
Prem Aut Elec	46.00	37.00	13.4	3.5
Prem Auto	60.00	54.00	117	3.0
Prem Cons	200.00	200.00	4.5	10.0
Prem Tyres	350.00	250.00		
Prem Vinyl	50.00	44.00	8.0	
Prestige Food	80.00	56.25	10.1	
Proct Gamble	300.00	240.00	44.7	1.0
Punj Alkalies	50.00	50.00	8.3	3.6
Punj Anan Lam	47.50	50.00		
Punj Concas	245.00	190.00	25.4	
Punj Nat Fert	17.50	16.00	35.5	
Punj Tractors	265.00	240.00	11.8	2.3
Punsumi	31.00	31.00	15.6	4.8
Raasi Cement	105.00	90.00		
Rajas Petro	85.00	80.00	6.5	2.4
Rallis	115.00	120.00		
Rampur Dist	80.00	75.00	6.4	2.8
Ranbaxy	280.00	250.00	21.1	
Rane Madras	170.00	170.00	9.9	1.5
Rapicut Carb	60.00	55.00	14.7	5.0
Rasoi	75.00	70.00	34.6	2.7
Rathi Alloys	57.50	40.00	7.8	7.0
Raymond Synth	30.00	24.50		
Raymond Wooll	207.50	170.00	24.9	1.2
Reck Colman	245.00	230.00	21.9	1.9
Reg Ceramic	17.00	14.00	24.3	
Reinz Talbros	82.50	75.00	11.8	2.9
Reliance	195.00	176.00	23.6	1.5
Reliance Cap	53.00	48.50	24.9	2.4
Reliance Pet	27.50	29.00		6.5
Revathi C.P.	115.00	110.00	12.1	2.2
Rhone-Poulenc	167.50	168.75	29.7	1.1
Rico Auto	145.00	110.00	16.1	
Roche Prod	90.00	75.00		1.3
Rollatainers	245.00	240.00	9.7	1.4
Roplas	52.50	47.50		2.9
Rust & Horn	51.25	47.50	12.6	
S.I.Shipping	2000.00	2150.00	6.7	2.0
S.I.Viscose	1550.00	1550.00	17.0	2.3
S.M.Dyechem	77.50	75.00	5.4	4.2
S.M.Zschimmer	77.50	80.00		
SKF Bearing	2850.00	2650.00	39.9	
SPIC	70.00	62.50	15.1	2.3
SRF	55.00	52.50	19.0	
Standard Ind	125.00	125.00	41.5	1.6
Sandoz	146.25	117.50	20.8	1.2
Sandvik Asia	1775.00	1500.00	20.4	1.7
Sanghi Poly	23.00	19.00		
Sarda Plywood	39.00	38.00	4.2	
Saw Pipes	121.25	112.00	33.2	
Scindia	17.00	17.50		
Searle	170.00	160.00	21.5	1.3
Secals	115.00	120.00	16.6	1.8
Sesa Goa	651.25	437.50	61.5	
Shaw Wallace	160.00	170.00	21.0	2.7
Shree Acid	41.00	37.00	6.6	4.4
Shree Cement	105.00	75.00	15.1	
Shree Synth	75.00	70.00	26.0	
Shreyan Paper	93.75	90.00		2.8
Shri Dinesh	1000.00	1050.00	32.2	2.2
Shriram Honda	40.00	35.00	14.3	
Siemens	210.00	162.50	30.9	1.1
Simplex	125.00	112.50	6.5	
Sirpur Paper	155.00	136.00	15.3	1.3
Siyaram	60.00	57.50	11.4	3.5
Skol Brew	22.50	22.50	6.2	6.7
Spartek	42.50	75.00	7.0	4.5
Special Steel	175.00	170.00	15.7	1.4
Sree Ray Alk	31.00	30.00	98.8	
Standard Batt	75.00	70.00	22.8	2.1
Steel Strips	8.00	27.00	3.1	25.0
Steelage	37.50	33.00	11.3	5.3
Sten Apparel	48.75	42.50		
Sterlite	165.00	132.50	8.0	2.4
Stovac Ind	290.00	280.00	9.3	
Straw Prod	182.50	175.00	12.3	1.9
Su-raj Diam	53.00	52.00	6.9	4.7
Sulzer	130.00	135.00	50.4	
Sund Clay	55.00	58.75	29.3	2.2
Sund Fast	122.50	115.00	19.8	2.2
Sunflag	33.00	32.50		
Super Sales	140.00	135.00	9.5	2.1
Supreme	370.00	300.00	30.1	
Surat Elec	1500.00	1000.00	48.4	1.2
Surya Agr	29.00	17.50	12.9	
Swaraj Eng	120.00	102.50	15.4	2.5
Swil	112.50	102.50	10.0	2.7
Synth & Chem	68.75	52.00	12.2	3.6
T.N.Petro	65.00	63.00	15.6	2.3
TVS Whirlpool	42.50	37.50		
Tata Chem	105.00	97.50	17.4	2.4
Tata Davy	45.00	50.00		
Tata Eng	323.75	281.25	23.6	1.2
Tata Fin	55.00	55.00	17.9	3.6
Tata Honey	87.50	85.00		
Tata Hydro	1475.00	1500.00	28.8	1.4
Tata Metals	290.00	285.00	10.1	1.0
Tata Oil Mill	92.50	90.00	15.9	2.2
Tata Power	2160.00	2020.00	44.2	
Tata Robins	60.00	58.75	36.7	2.7
Tata Steel	250.00	237.00	35.9	1.2
Tata Tea	440.00	417.50	14.6	2.3
Tata Telecom	122.50	115.00	21.1	1.2
Tata Unisys	285.00	290.00	18.5	1.1
Tata Yodogawa	105.00	107.50	13	
Tea Estates	200.00	195.00	22	
Thomas Cook	250.00	220.00	21	
Tinplate	46.25	45.00	3	
Titan Watch	87.50	85.00	25	
Titanor Comp	155.00	115.00		
Transpek	210.00	190.00	28	
Tristar Soya	130.00	84.00	8	
Triveni Engg	160.00	160.00	8	
Twentieth Cen	28.00	30.00	6	
UB Petro	32.00	32.00		
Ucal Fuel	65.00	67.50		
Ultramarine	170.00	166.25	12	
Unichem Lab	165.00	145.00	12	
Unit Carbon	1650.00	1550.00	19.2	
Unit Phosp	245.00	222.50	15.2	
Unitech	38.00	34.00	6.1	
Usha Martin	65.00	65.00	15.2	
VIP Indus	75.00	65.00	6.0	
VST	140.00	185.00	13.8	
Vam Org	225.00	190.00	14.5	
Vanavil Dyes	72.50	75.00	12.7	
Varun Ship	33.75	32.50	4.7	
Vickers Sys	110.00	95.00	19.5	
Videocon App	130.00	127.50	8.7	
Videocon Int	330.00	285.00	7.5	
Videocon VCR	80.00	65.00	20.0	
Vikrant Tyres	60.00	37.50	12.3	
Vinayaka Syn	30.00	33.75	10.6	
Vindhya Tele	82.50	74.00	29.0	
Visaka Ind	48.75	45.00	6.5	
Voltas	140.00	132.50	1.5	
Walchandnagar	36.25	32.25	2.9	
Warren Tea	205.00	195.00	15.5	
Wartsila	132.50	122.00	39.9	
Wellman Inc	52.50	50.00	45.0	
Wendt	50.00	50.00	50.0	
West Coast	575.00	725.00	20.9	
West Ministil	55.00	55.00	13.6	
Willard Ind	80.00	76.00	8.3	
Wimco	42.00	43.25		
Wipro	300.00	285.00	4.4	
Wyeth Lab	90.00	100.00	28.7	
XLO GWB Car	48.75	35.00	7.6	
Yoko Keonics	95.00	77.50	19.7	
Z.F.Steering	51.25	43.75	33.9	
Zenith	37.00	32.50		
Zuari	90.00	90.00	10.2	

P/E: Market Price/Earning per share
Yield: Dividend as a percentage of market pr

oom time

he BSE touches 1,900 our winners shoot up to 15 in IC 349.
gratulations.

iven below is a new list of six scrips, and their closing prices on 23 August . Pick the share that you think will he most in percentage terms by 23 ember 1991 and rank it number one. n choose the one that you expect will he second most and rank it number Then number three, and so on till six. It's as simple as that!

m this Investor Contest, you don't to predict the price of shares; you ely have to rank the performance (in entage terms) on the basis of the prices expect each to reach on 23 September . You don't have to tell us the prices even the percentage changes you ct — only fill in the ranks from to six.

Please note that if you assign the same rank to two scrips, then the following one should be ranked the next consecutive number. For example, if you rank two shares at number three, the next will be number four (in which case, of course, your last rank will be five).

Scrips	Prices as on Friday 12 July 1991 (Rs.)	Prices as on Monday 12 August 1991 (Rs.)	Ranks
Astra IDL	88.75	90.00	6
Bajaj Auto	582.50	685.00	5
Esab India	96.25	115.00	4
G.E. Shipping	73.50	90.00	1
Parke Davis	96.25	117.50	3
Sesa Goa	360.00	440.00	2

s:
ere is no entry fee.
e price mentioned last in the official quotation list e taken as correct for the purposes of calculation. If ock exchange remains closed on the stated last day, osing price on the prior day will be used.
tries must be on the printed form given below. Any entries will be disqualified.
ly one entry will be permitted per form.
velopes sent in should be marked Investor Contest. ntries should be sent to: Investor Contest, **Business** a, Wadia Building, 17/19 Dalal Street, Bombay 001, by 5 pm, 19 September, 1991.

6. Business India's decision on the winning entries is final and binding, and no correspondence in this regard will be entertained.
7. The contest is open only to residents of India. No employee (or any direct relation of an employee) of the **Business India group of publications** is entitled to enter the contest.
8. The prize of Rs.5,000 will not be carried forward if there is no winner. In the event that there is more than one winner, the prize will be shared equally.

me of scrip	Prices as on Friday 23 Aug, 1991 (Rs.)	Rank as on Monday 23 Sept, 1991 (please fill in number)
oke Bond	150.00	
lfrey Phillips	460.00	
sen & Toubro	153.00	
matex Engr	48.00	
eocon Intl	330.00	
lia	2,200.00	

me: _____ Age: _____

dress: _____

_____

fession: _____ Date: _____

IC352

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A blurred vision

THE NEW WORLD ORDER
Edited by Sundeep Waslekar
Konark, 1991, pp. 255, Rs.200

The New World Order is a collection of articles edited by a young scholar, Sundeep Waslekar, on the changing profile of international relations. The contributors to this book include such luminaries as Javier Perez de Cuellar, the UN Secretary General, David Lange, a former prime minister of New Zealand, and others. The circumstances in which the book came to be produced is a refreshing example of enterprise and initiative by the editor. Apparently, he sold the idea for this book to Asian Paints and Mahindras and managed to get them to finance this enterprise.

Having complimented the editor on his initiative, the book unfortunately disappoints. Even though he had the misfortune of compiling this book in what can best be described as interesting times, the more significant happenings — the collapse of the Soviet bloc, the Iraqi invasion of Kuwait and the US counter-invasion — are not fully covered. This of course, is the difficulty encountered by seeking to prepare a book on international relations; it is bound to be dated by the time it gets off the press. Given this problem, the editor has not advanced his cause by including the kind of contributions he has published. Most of them are by unknown bureaucrats who generally express the commonplace: or, if the contributor is famous the contribution is uniformly banal.

Mother Teresa gives a one page contribution which reads like a prayer. One wonders why such a contribution was included at all. De Cuellar's projections of the UN as a great moving force in world affairs are unfortunately based on a total misreading of history, and his prognostications for the future on unwarranted and untenable assumptions, particularly in the shoddy manner both he and the UN acquitted themselves in the Gulf War and after.

The only oases are contributions from journalists, the redoubtable K. Subrahmanyam and Dilip Padgaonkar, editor of *The Times of India*, which make interesting reading. Subrahmanyam talks of a peace revolution sweeping the world, war no longer being an instrument of politics. Padgaonkar, in discussing the role of the media, dwells on the contradiction between the homogenisation of the international media and the yearning for diverse and distinct cultural identities.

One of the themes of this book, perhaps its principal thesis, is that with the breakdown of sovereignty, international affairs are no longer exclusively conducted between nation states as has been the case for the last five centuries; warfare and dissension have become internalised in the state. India's Kashmir problem, therefore, is an international issue, too. As a thesis, this argument is not entirely original or striking, but it helps to explain much of our present trauma.

Editor's misfortune. The title of the book unfortunately has been appropriated by US President Bush who has something very different in mind; and this is the editor's misfortune. The whole idea of imposing an ideal on something as complicated and unstable as our international polity is in any case a hugely ambitious task. Bush, cynics claim, made such a momentous reference only to extract $55 billion from the rest of the world to finance the Gulf War. To put an ideological gloss on this requisition, the term New World Order was a deliberate coinage.

The innocence the writers display of the realities of the international po the main drawback of these essays ring one short and old interview (w questions?) with Senator Clairborn of the US, who roundly dismisses an tion of power sharing with develo states, reality rarely breaks thro However well intentioned the edito at the start of his project, somew along the line both book and edito their way. It is possible to write a boo what the future will be, what Amer term futurology; or it is possible to p late what you want the future to b idealistic vision of the fu The book contains es which seem to fall betw these two stools, betwee turology and idealism, derding sometimes on p wishful thinking.

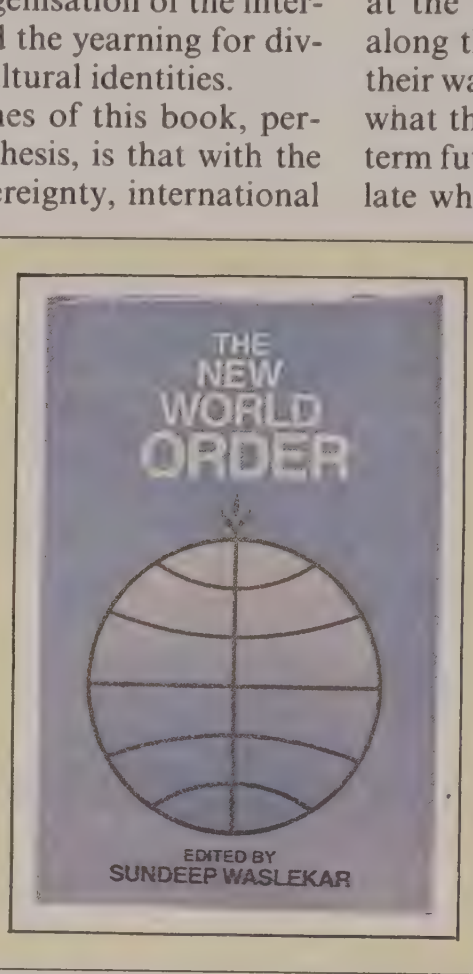
The book then fails to flect the sheer bloody m edness of the hum dilemma, the irrational, the reality of power poli It talks about the inequit world development and g uflects before the vari UN initiatives, the Brun land Report, but nowher there any suggestion of h the developing world c mobilise for a better deal

Similarly, on the environment front is insufficient to say that sovereignty broken down and that we live in o world. The fact is that there has bee general tardiness in respect of address the issue of the environment intern tionally, with politicians considering th constituencies back home and thinking terms of their nation state rather than t world. How does one change this? The are no easy answers.

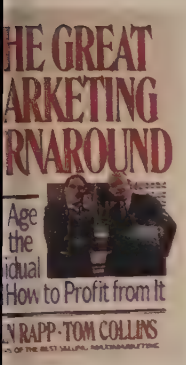
The editor has chosen a theme and substantiate it, he requires to be som what more demanding of his contrib tors. There are far too many loo statements and general observations make this book useful for the scholar, a hardly any footnotes or references. Sa two or three contributions, the othe lack readibility, perhaps because Engli is not the first language of their autho It is difficult to understand which aud ence this book is addressed to.

■ JAVED GA

There are far too many loose statements and general observations to make this book useful for the scholar, and hardly any footnotes or references



sintegration of ass markets



THE GREAT MARKETING TURNAROUND: THE AGE OF THE INDIVIDUAL — AND HOW TO PROFIT FROM IT
By Stan Rapp and Tom Collins
Prentice Hall, 1990
Distributed by IBD
pp 340, Rs.395

Great Marketing Turnaround is a ly anecdotal sequel to *maximarket-* from authors Stan Rapp and Tom lins. It rests on the premise that the ventional marketing wisdom of the ies, seventies and eighties cannot nstand the current demands of the ketplace and must necessarily hide ind ten significant trends which are trary to traditional marketing king.

he authors claim that marketing tools yesteryear have rusted and dulled. nce, effective brand building must essarily include more direct and more countable communication" with a prospect. Talking to consumers on a -to-one basis can result in enduring tionships for mutual profits.

he decade of the nineties, say the au-rs, will be different — in that it will be harbinger of "individualised mar-ing", or the "primacy of the con-ner". As far as this reviewer can ember, this phrase — primacy of the sumer — has always been the very is of the 'marketing concept', stated efully and repeatedly, throughout the enties, by gurus like Kotler, Levitt and ucker.

he new discovery, therefore, is not of pre-eminence of the consumer, but of tools that can be deployed for creat-and sustaining consumers. Close in-vement with individual prospects ough event marketing, public relations l other modes of personal encounter merely ways of talking to the indi-ual sensibly, persuasively and ssuringly.

he book begins with a review of the en basic causes for shifting attention m mass markets to individual pros-ts. Of course these shifts are easy to determine, for they are happening in our very own environment and range from changing demographics and lifestyles, to advertising clutter, overkill and waste.

The most important ingredient in the "great marketing turnaround", according to the authors, will be the ongoing relationship with individual customers. This will squeeze the waste out of advertising. The other tenets of this turnaround are a shift from:

- unknown to known prospects
- creativity to response
- steam-rollering to niche-filling
- advertising impressions to winning new customers
- bombarding the market to building relationships
- turning passive consumers into involved participants
- mass marketing to direct mass marketing
- USP to EVP (extra value perception)
- single to multiple distribution channels

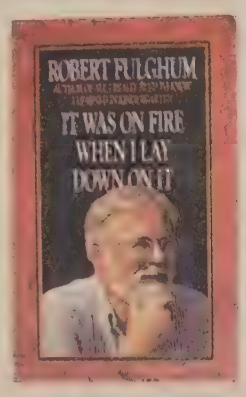
How much of this, one may ask, is relevant to us in India? Conceptually, all of it is relevant. Operationally (as visualised by the authors) very little is. Direct marketing is in its very nascent stage in India, despite the limited successes of organisations like American Express and British Airways. Mass advertising will continue to be a formidable weapon in marketing arsenals. Direct marketing will be used, in addition, to forge and cement relationships with individual consumers.

Overall, the book is rich in examples, but could have been far more incisive.

■ VINEETA BALI

The reviewer is general manager, marketing, Cadbury India Ltd

Words of wisdom



IT WAS ON FIRE WHEN I LAY DOWN ON IT
By Robert Fulghum
Grafton, 1990
Distributed by Rupa
pp 214, Rs.85

It's stating the obvious to say that no one has time for philosophy today. But yet no one but the most grossly insensitive will go through life without having moments when one pauses to ponder on the eternal questions in their various disguises — who am I, where am I going? Or the real mother of a question — what is the meaning of life?

Robert Fulghum's intriguingly titled book, *It was on fire when I lay down on it*, like his earlier and equally intriguingly titled, *All I really need to know I learned in kindergarten*, is about the author's attempt to find meaning in small everyday occurrences, to grasp at the meaning in life rather than the meaning of life.

The book is not a collection, it's just small, apparently unconnected pieces (that never fail to touch you) strung together. To mention but two. The time when his daughter gave him a bag of apparently worthless bits and pieces and he nearly threw them out, retrieving them in time to be able to sit with her and understand the special meaning they had for her. His warning to parents, "Don't worry that they never listen to you, worry that they are always watching you." These and other words of wisdom make the book a wonderful oasis in the midst of our frenetic lives.

■ MINI SHRINIVASAN

A useful primer



MERGERS AND TAKEOVERS IN INDIA
By N. Ashok Kumar and Rajas Parchure
The Times Research Foundation, 1990
Distributed by UBS
pp 136, Rs.150

The authors have put together a concise primer that clarifies the financial, accounting and legal aspects of takeovers, summarises public policy on them and presents a few cases as examples. But the treatment is incomplete in many ways.

For example, the book makes an important contribution by pointing out that most takeovers and mergers in India are different from those elsewhere because they usually involve a healthy enterprise taking over a sick one.

Once such a merger is complete, the healthy enterprise is able to write off the book losses of the sick enterprise against the future profits it makes from the combined operations and thus lowers its income tax liability. But the book doesn't seem to deal with the actual mechanics.

■ NAVAL B. GHIARA

Senior executive positions

A compilation of executive jobs advertised in **Business Indi** other major publications between 12 and 25 August 1991

THE FOUR BEST JOBS

• PRESIDENT * North India * *Sal* NS * *Age/Qlfn* NS * Graduate engineer/CA/MBAs * *Reqd* 20 years experience, out of which at least 3 to 5 years in a successful venture as a profit centre head at a plant location * *Cont* Resources Management Associates, GF-12A, Meghdoot, 94 Nehru Place, new Delhi 110 019 (HT - 16.8)

• VICE-PRESIDENT (Manufacturing) * South Central India * *Sal* NS * *Age/Qlfn* 45 years * Technocrats with engineering background * *Reqd* Experience in the process chemical industry * *Cont* MS5723, A.F. Ferguson Associates, P.B. 1786, Bombay 400001 (H - 20.8)

• CHIEF EXECUTIVE (Exports) * Delhi * *Sal* Rs.15,000 pm flats + A/c car with driver + perks* *Age/Qlfn* 40-50 years * from IIFT/IIM * *Reqd* 15 years relevant experience out of wh at least 5 years should have been at a responsible position * C CEE/BPA/3091, ABC Consultants Ltd, 43/3 Hazra Road, Cal tta 700019 (HT - 17.8)

• MANAGING DIRECTOR * Southern metro * *Sal* Exceller *Age/Qlfn* 45-50 years * NS * *Reqd* Experience including 5 years chief executive of a company * *Cont* AMC/8844, Internatio Boyden, Maker Chambers V, Nariman Point, Bombay 4000 (ToI - 12.8)

WEST

• VICE-PRESIDENT (Finance) * Pune * *Sal* Attractive + perks * *Age/Qlfn* Around 45 years * CA * *Reqd* 20 years including 8-10 years senior level * *Cont* MS/5721, A.F. Ferguson Associates, P.B. 1786, Bombay 400001 (ToI - 12.8)

• GENERAL MANAGER (Steel Plant Director) * Bombay * *Sal* Comparable with industry standards * *Age/Qlfn* 40-50 years * Engineers preferably with PG in management * *Reqd* Sound technical knowledge of operations * *Cont* Rajesh Gupta, Joint Managing Director, Lloyds Steel Industries Ltd, 26/19 M. Vasanji Road, Marol, Andheri East, Bombay 400059 (ToI - 12.8)

• GENERAL MANAGER * Maharashtra * *Sal* Rs.2.25 lakh * *Age/Qlfn* NS * Mechanical/electrical engineer * *Reqd* 15-20 years experience including 5 years as head of engineering divsion * *Cont* Box J 249 S, ToI, Bombay 400001 (ToI - 12.8)

• PRESIDENT * Bombay * *Sal* Excellent * *Age/Qlfn* 35-40 years * CA/MBA (Finance) * *Reqd* 10-15 years experience including 5 years at senior level in financial sector * *Cont* Box 922, ToI, New Delhi 110002 (ToI - 19.8)

• GENERAL MANAGER (Works) * Baroda * *Sal* Best in industry * *Age/Qlfn* 45 years * Engineers * *Reqd* 20 years including 5 years as works manager * *Cont* Box J279-S, ToI, Bombay 400001 (ToI - 19.8)

• GENERAL MANAGER (Personnel) * Baroda * *Sal* NS * *Age/Qlfn* NS * PG in personnel management * *Reqd* Extensive experience in all aspects of personnel management of about 15 years * *Cont* Pratibha Sheth, Executive Director, Shilputsi Consultants, P.B. No.9386, Bombay 400026 (BI - 19.8)

• VICE-PRESIDENT (Projects) * Bombay * *Sal* Liberal terms * *Age/Qlfn* 40-50 years * Graduate engineer * *Reqd* Over 15 years experience in execution of high value turnkey projects in the process industry, ideally petrochemicals * *Cont* CMP/A-2121, Datamatics Staffing Services, P.B. No.106, GPO, Bombay 400001 (BI - 19.8)

NORTH

• PRESIDENT * NS * *Sal* Best in industry * *Age/Qlfn* NS * Engineering/CA/MBA * *Reqd* 20 years including 3-5 years as profit centre head * *Cont* Resources Management Associates, GF-12A, Meghdoot, 94-Nehru Place, New Delhi 110019 (ToI - 19.8)

• GENERAL MANAGER (Marketing) * Dewas, Madhya Pradesh * *Sal* Around Rs.1.6 lakh + perks * *Age/Qlfn* 40 years * Mechanical engineer preferably with an MBA * *Reqd* At least 10 years experience at a senior level * *Cont* The Manager-Personnel, Gajra Bevel Gears Ltd, Industrial Area, Agra-Bombay Road, Dewas (MP) 455001 (BI - 19.8)

SOUTH

• CHIEF MANAGER (Production) * Hyderabad/Nagpur * NS * *Age/Qlfn* NS * Chemical engineer * *Reqd* 20 years in P plant * *Cont* CMP, The Corporate Consultants, DCL Polyes Ltd, 6-3-666/B, 4th Floor, Deccan Chambers, Somajiguda, H derabad (ToI - 12.8)

• GENERAL MANAGER (Production) * Hyderabad * *Sal* tractive + perks * *Age/Qlfn* 40-45 years * Doctorate in chemi engineering * *Reqd* 10 years in senior managerial position * *Co* Personnel Manager, Biological Co. Ltd, 14/123, Azamabad, H derabad (ToI - 12.8)

• VICE-PRESIDENT (Operations) * Karnataka * *Sal* Best in i dustry * *Age/Qlfn* Late 30s * Mechanical/electrical engineer * *Re* Proven track record in managing successfully an independent pro centre in engineering industry * *Cont* H.R. Raghuram, Directo Trust Management Services (P) Ltd, 105/2, Blue Cross Chambe Infantry Road, Bangalore 560001 (H - 15.8)

• WORKS CHIEF * Hyderabad * *Sal* Attractive * *Age/Qlfn* NS Engineer * *Reqd* Around 15 years experience out of which at least years as a unit head in a precision engineering industry * *Cont* A. Ferguson Associates, Hansalaya, Barakhamba Road, New Del 110001 (H -17.8)

• VICE-PRESIDENT (Finance) * Bangalore * *Sal* Attractive *Age/Qlfn* 45 years * Chartered Accountant * *Reqd* Served at lea 10 years as head of finance in a large sized company * *Cont* S.F Batliboi & Co, Samrah Plaza, 1st Floor, 4/2 St.Marks Road, Ban galore 560001 (BI - 19.8)

• COMPANY SECRETARY * Hyderabad * *Sal* NS * *Age/Qlf* 30-40 years * Should be an associate member of the ICSI * *Req* Complete knowledge of company secretarial work * *Cont* The Cor porate Personnel Manager, Bakelite Hylam Ltd, Surya Towers, 10 Sardar Patel Road, Secunderabad 500003 (H - 20.8)

OVERSEAS

• GENERAL MANAGER * Nairobi * *Sal* Attractive + perks * *Age/Qlfn* 30-40 years * MBA * *Reqd* 8-10 years including 3 as profit centre head * *Cont* CMP/F-4319, Datamatics Staffing Services, Post Box 106, GPO, Bombay 400001 (ToI - 18.8)

ecutive positions

ToI — Times of India; *IE* — Indian Express; *H* — The Hindu; *S* — Statesman; *HT* — Hindustan Times; *ET* — Economic Times; *Econ* — Economist; *BI* — Business India

ONAL

NNING MANAGER * Ahmedabad * *Sal* Attractive * *Age/*
35 years * B.Text/M.Text * *Reqd* 10-12 years experience in a
level * *Cont* P. Sheth, Executive Director, Shilputsi Consul-
P.B. 9386, Bombay 400026 (ToI - 12.8)

ANT MANAGER (PVC) * Tamil Nadu * *Sal* Not limiting
* *Age/Qlfn* 35-45 years * B.Tech/M.Tech in chemical * *Reqd*
rs experience and knowledge of Tamil * *Cont* General Man-
P&A), DCW Ltd, Nirmal 3rd Floor, Nariman Point, Bombay
1 (ToI - 13.8)

ANAGER (Engineering) * Maharashtra/Madhya Pradesh *
ttractive * *Age/Qlfn* 35 years * Mechanical/electrical engi-
ng * *Reqd* 5-8 years experience * *Cont* Vice-President (Person-
nd Planning), Cadbury Industries Ltd, Cadbury House,
abhai Desai Road, Bombay 400026 (ToI - 13.8)

ORKS MANAGER * Bhavanagar, Gujarat * *Sal* No con-
nt * *Age/Qlfn* 35-45 years * B.Sc Tech/M.Sc * *Reqd* 8-10 years
estuff etc * *Cont* P.B. 3161, Bombay 400003 (ToI - 14.8)

ANAGER (Internal Audit) * Ambernath, Maharashtra * *Sal*
000 pm * *Age/Qlfn* 30 years * Ca * *Reqd* 3-5 years in internal
department * *Cont* General Manager (Personnel), Dharamsi
arji Chemical Co Ltd, 317/21 Prospect Chambers, D.N. Road,
bay 400001 (ToI - 14.8)

ODUCTION MANAGER (Garments) * Jakarta * *Sal* At-
ve * *Age/Qlfn* 30-40 years * An engineer * *Reqd* Industrial
rience of at least 5 years as production manager with spe-
ed experience in jeans/trouser manufacturing * *Cont* S.B. Bil-
ia & Co, P.B. No.4325, New Delhi 110019 (HT - 16.8)

ODUCTION MANAGER * Parwaroo * *Sal* NS * *Age/Qlfn*
ars * Engineering degree in mechanical/ceramics/metallurgy *
l Around 8 years of shop floor experience and a track record of
evements * *Cont* PM/DEL/1228, ABC Consultants Pvt Ltd,
Meghdoot, 94 Nehru Place, New Delhi 110019 (HT - 18.8)

ODUCTION MANAGER * New Delhi * *Sal* Attractive *
Qlfn NS * Graduate engineers preferably mechanical * *Reqd*
mum 8 years experience at a senior level in processing and
aging industries * *Cont* ABC Consultants Pvt Ltd, 209
hdoot, 94 Nehru Place, New Delhi 110019 (HT - 18.8)

JALITY ASSURANCE MANAGER * Bhiwandi, Rajasthan
l Attractive * *Age/Qlfn* NS * M.Sc Microbiology/Chemistry *
d 10-15 years experience in pharmaceutical industry * *Cont*
eral Manager (Personnel), B&L India Ltd, 8th Floor, Hemburt
mbers, 89 Nehru Place, New Delhi 110019 (ToI - 19.8)

RODUCTION MANAGER * Near Delhi * *Sal* Attractive *
Qlfn NS * Engineering preferably mechanical * *Reqd* 8 years
rocessing and packaging * *Cont* PM/DEL/1222, ABC Consul-
s Pvt Ltd, 209 Meghdoot, 94 Nehru Place, New Delhi 110019
- 19.8)

ISTRIBUTION MANAGER * NS * *Sal* Attractive * *Age/Qlfn*
5 years * Business management degree preferred * *Reqd* 5-8
s in a large organisation * *Cont* AG/DM, The General Man-
(HRD), Hindustan Ciba Geigy Ltd, 5th Floor, Royal Insur-
Building, J.T. Road, Bombay 400020 (ToI - 21.8)

UALITY CONTROL MANAGER * Pune * *Sal* Best in indus-
* *Age/Qlfn* 30-35 years * BE (Electronic) * *Reqd* 6 years experi-
in electronics industry * *Cont* 1-20-53, Vice-President (HRD &
inistration), ATCO Industries Ltd, Lalwani Industrial Estate,
G.D. Ambedkar Road, Wadala, Bombay 400031 (ToI - 21.8)

ENIOR MANAGER (Engineering) * NS * *Sal* Best in the coun-
* *Age/Qlfn* 35 years * Engineers * *Reqd* 12-15 years in power plant engineering * *Cont* A.B. Consultancy Pvt Ltd, 505-506 Brigade Towers, 135 Brigade Road, Bangalore 560025 (ToI - 23.8)

• MANAGER (Marketing) * Bombay/Delhi * *Sal* Rs.1.25 lakh gross * *Age/Qlfn* 30-35 years * Engineering preferably chemical with MBA * *Reqd* Sufficent marketing experience * *Cont* MAM/MDS/31, ABC Consultants Pvt Ltd, 4 Khader Nawaz Khan Road, Madras 600006 (ToI - 13.8)

• MANAGER (HRD) * Bangalore, Goa, Calcutta and Delhi * *Sal* Very attractive * *Age/Qlfn* NS * PG in business management/personnel management * *Reqd* 10-15 years experience in HRD * *Cont* Corporate Adviser (HRD), IFB Industries Ltd, 14 Tarotolla Road, Calcutta 700088 (ToI - 21.8)

OVERSEAS

• PRODUCTION MANAGER * Oman * *Sal* R.O. 400-450 pm + benefits * *Age/Qlfn* Around 35 years * Engineering * *Reqd* 10 years in the production department * *Cont* MS/5722, A.F. Ferguson & Co, P.B. 1786, Bombay 400001 (ToI - 18.8)

• WORKS MANAGER * Jeddah, Saudi Arabia * *Sal* NS * *Age/Qlfn* NS * Engineering (Mechanical/Metallurgy) * *Reqd* 15 years experience in wire drawing and galvanising * *Cont* Al-Jadid Enterprises, 31 Mittal Chambers, Nariman Point, Bombay 400021 (ToI - 18.8)

• MANAGER (Planning) * Bangkok * *Sal* Excellent * *Age/Qlfn* NS * Civil engineer * *Reqd* 10-15 years overseas construction experience including 5 years as head of project planning department * *Cont* The Executive Director (Corporate), 115 Ansal Bhawan, 16 Kasturba Gandhi Marg, New Delhi 110001 (ToI - 25.8)

• MARKETING MANAGER * Conoy Islands, Spain * *Sal* Savings around Rs.3 lakh per annum * *Age/Qlfn* 30-35 years * MBA * *Reqd* Senior sales and marketing experience in a reputed company * *Cont* CMM/DKT/1209, ABC Consultants Pvt Ltd, 303 Embassy Centre, Nariman Point, Bombay 400021 (ToI - 25.8)

• WORKS MANAGER * Kenya * *Sal* Good terms * *Age/Qlfn* 28-32 years * Graduate engineers * *Reqd* Several years in plastic processing * *Cont* CMP/F-4323, Datamatics Staffing Services. P.B. 106, GPO, Bombay 400001 (ToI - 25.8)

Please turn over for

CHIEF EXECUTIVES

NEW DELHI **TERMS NEGOTIABLE**

We are a large multi-unit, multi-product group of companies with interests in CONSUMER ELECTRONICS, HOME APPLIANCES, ELECTRONIC COMPONENTS, TRADING, EXPORTS, FINANCIAL SERVICES etc., backed by technological support from world leaders in various product lines. Our manufacturing units are equipped with the most modern and advanced facilities supported by nearly 50 sales offices and depots throughout the country, handling more than 1500 dealers. Our team of nearly 3000 personnel comprises large numbers of professionals in various disciplines including engineering, management, finance etc.

We have turned in excellent working results in all our activities over the past 7 years and have consistently commanded a major share of the national market in our product segments. We are now poised for a major expansion and diversification in our activities with fresh investments of around Rs. 100 crores in the coming 12 months. These are proposed to be financed through our considerable internal resources as well as public issues and institutional borrowings. Our current group turn over of around Rs. 400 crores is expected to double at the end of 3 years.

We are now looking for outstanding leaders to head our companies as their Chief Executives. The incumbents shall be expected to manage all aspects of the company's operations barring marketing which is a separate centralised division. They shall also be responsible for implementation of new projects in their respective companies. They shall be supported by a strong team of professionals in all functions and shall in turn report to the Managing Director.

Candidates with engineering background, preferably electronics and around 20 years experience of which atleast 5 years in general management positions in organisations of repute would be suitable. Excellent track record of achievements, strong techno-commercial and human relations skills would be decisive factors in selection.

Preferred age Group – around 40 years

Please apply within 10 days with full biographical details and record of achievements alongwith a recent passport size photograph to :

Box No. AA/352/EM/4, Business India, 59 Regal Building, Connaught Circus, New Delhi-110 001.

CHIEF EXECUTIVE

CALCUTTA **EXCELLENT TERMS**

A large professionally managed fast expanding industrial house is looking for a highly competent and dynamic Chief Executive to head one of its companies engaged in expanding the export business of the group.

The incumbent as a profit centre head will ensure high level of performance and profitability by building effective teams. His prime responsibilities will be to develop and expand the export business, provide necessary thrust to formulate innovative export marketing strategies, consolidate the market share and exercise close financial controls.

Candidates must have thorough knowledge of export markets and formalities with at least ten years senior level experience in general management in a reputed company.

Preferred Age : 40–45 years

An attractive compensation package shall be worked out for the deserving candidate.

Please apply in confidence to Box No. AA/352/LP/2, **Business India**, Krishna Villa, 100, Park Street, Calcutta 700 017.

A LEADING NRI MULTINATIONAL GROUP NEEDS

MANAGING DIRECTOR / CHIEF EXECUTIVE
(BOMBAY)

THE GROUP Operating in over fifty countries spanning four continents. Reputed for a high degree of professionalism. Has been traditionally employing top-class Indian expatriates to manage its diverse businesses. Indian presence so far relatively small but growing substantially with large investments in metallurgical projects (under implementation).

THE COMPANY Bombay-based, Group-promoted, multi-unit, 20-year old. Manufactures sophisticated industrial chemicals. Has been operating in a highly competitive market. Current annual turnover around Rs. 400 million which can potentially grow to Rs. 600 million in the next two years. Future growth must come mainly from exports which currently account for 15% of the annual sales turnover. Given its inherent strengths, a good helmsman can certainly realize its full potential.

THE POSITION Created due to the existing incumbent's imminent retirement. Bombay-based.

THE PERSON The desired profile is of a mature, dynamic and highly innovative engineer/chemical technologist in the 45-52 years age group who can provide the much-needed thrust to its operations. A strong techno-commercial background essential. Equally essential 5-7 years' top management experience – at least three years of this at Chief Executive/ Managing Director level – in a reputed organisation. A chemical industry background will give you a leg up over others.

THE CHALLENGE To rejuvenate an inherently strong but flagging operation and in good time to lead the Company into new phases of growth and diversification.

THE REWARD A challenging job opportunity, an attractive compensation package and a possible future overseas assignment.

If interested, please write with CV within ten days to :

D S Parnerkar
Cosmos Business Consultants
(Executive Search Specialists)
206/8, Cadell Road, Mahim
Bombay 400 016
Phone 46 77 34

A profitable and well established company in the process chemical industry with close international affiliations, based in South Central India and a turnover of Rs. 250 crores, wishes to strengthen its top management with the induction of the following:

VICE PRESIDENT (MANUFACTURING)

(MS/5723)

VICE PRESIDENT (PROJECTS)

(MS/5724)

The VP (Mfg.) will be fully responsible for the present manufacturing operations of the company. The VP (Projects) will look after the extensive modernisation and expansion of the plant which will cost over Rs. 150 crores. Both positions report to the Managing Director. Future prospects are particularly good based on performance.

Candidates should be successful technocrats with an engineering (preferably chemical engineering) background and ideally, experience in the process chemical industry.

Preferred age: around 45.

The remuneration package is generous and includes housing, car with driver and other top management perquisites.

Please write quoting the relevant MS reference numbers in full confidence to:

A. F. Ferguson Associates
Post Box 1786
Bombay 400 001

RAUNAQ AUTOMOTIVE COMPONENTS LTD.

RAUNAQ AUTOMOTIVE COMPONENTS LTD., part of the multi-dimensional Raunaq Enterprises, is a hi-tech transmission gear manufacturing company equipped with the most modern machinery and state-of-the-art technology. We require for our factory at **Gajraula,** Distt. Moradabad, U.P. (approximately 100 kms from Delhi):

VICE-PRESIDENT (Manufacturing)

The incumbent will report directly to the President of the Company. He will be responsible for all the technical aspects of corporate operations, including policy-making, monitoring, upkeep of plant and machinery, plant productivity, quality assurance, raw material procurement and heat-treatment facilities. The incumbent would also develop systems, work closely with peers, and provide motivating leadership to employees to face new challenges.

Candidates should be graduates in mechanical engineering, have 10 to 15 years' experience, and be between 40 and 45 years in age. Preference will be given to candidates with relevant experience in the **gear industry.**

The compensation package would not be a limiting factor and will include house and car, besides other perks.

Interested candidates should send their resume in confidence to:

The President,
Raunaq Automotive Components Ltd.,
15th Floor, Chiranjiv Tower,
43, Nehru Place, New Delhi 110 019.

RAUNAQ
GEARS

THE POWER IN TRANSMISSION TECHNOLOGY



Asian-268

VICE PRESIDENT – FINANCE

Pune

Attractive salary + housing + car with driver + other top management perks

A reputable public limited company, with a current sales turnover of around Rs. 140 crores and an excellent record of growth and profitability, wishes to recruit a **Vice President — Finance**.

The incumbent would be responsible for the finance and administration function. His responsibilities would include financial accounting, costing, MIS, banking and funds management, direct and indirect taxation and administration (sales/purchase co-ordination, factory administration etc.). **Prospects of further growth to general management are good**.

Applicants must be Chartered Accountants with at least 20 years experience with reputable manufacturing companies with at least 8-10 years senior level experience. Interpersonal and administrative skills and a strong commercial orientation are essential prerequisites for the job.

Preferred age : around 45 years.

An excellent remuneration package (which is not a constraining factor) would be negotiated.

Please apply (ref: MS/5721) in strict confidence within 10 days to:

A. F. Ferguson Associates
Post Box No 1786
Bombay 400 001

ABC's major specialisations include Corporate Consultancy

CHIEF EXECUTIVE — EXPORTS

FERA Company - Part of Prominent International Group

Delhi **Rs 15,000/- + Flat + AC Car & Driver + Perks**

We have been retained by a professionally managed, **highly profitable,** multinational company which has a **well established trading house** for its inhouse products. Annual export sales is around Rs 30 Crores. They now wish to embark upon **third party/merchant exports** headquartered at Delhi.

The incumbent, therefore, must be an outstanding export professional with **thorough knowledge of international markets,** desire to go globe – trotting, ability to develop reliable sources of supply, capacity to form & manage a dynamic team and sound commercial acumen to achieve targetted volumes & profits. Ideal candidate would be postgraduate from IIFT/IIM with about 15 years relevant experience out of which at least 5 years should have been in a responsible managerial position in **reputed export/trading houses.** Knowledge of counter – trade will be helpful. Age Group 40—50. Code CEE/BPA/3092.

GENERAL MANAGER — EXPORTS

Madras/Bangalore **Rs 10,000/- + Flat + AC Car & Driver + Perks**

He will report to the Chief Executive at Delhi. Main responsibilities will be **sourcing from Southern India & elsewhere,** commercial negotiations, documentation & shipping. Must be postgraduate from IIFT/IIM with about 10 years relevant experience. Age Group 35—42. Code GME/BPA/3093.

Our clients are looking for **high performers with proven track record** & growth potential and they will be willing to negotiate competitive & handsome remuneration packages. In addition, **built – in incentive on nett profits** will be paid. Please write to **B P Agrawal, Chairman** with detailed biodata and contact telephone numbers. All correspondence must be made through courier/speed post and envelope & enclosures marked with respective job title & code.

ABC CONSULTANTS PRIVATE LIMITED

43/3, Hazra Road, Calcutta 700 019

New Project Development • Techno Economic Feasibility Study • SWOT Analysis • Organisational Restructuring • MIS

Manpower Audit & Planning • Managerial Appraisal • Salary Survey

ABC's major specialisations include Corporate Consultancy

2 VICE PRESIDENTS

International Trading Division

Bombay & Calcutta **Rs 4 Lakhs (Gross) + Perks**

We have been retained by a **large, fast expanding, highly profitable Industrial Group** with a sales turnover of Rs 1000 Crores to select 2 senior export professionals for them. The group is very strong in cement, jute, yarn, floor coverings, steel, paper, chemicals, etc. They are now planning a **major thrust to achieve export turnover of Rs 100 Crores by 1994—95** from present level of Rs 50 Crores.

The incumbents will be responsible for achieving the agreed targets by substantially increasing inhouse exports and introducing non – company product exports. We are, therefore, looking for self – starters with **thorough knowledge of international markets,** desire to go globe – trotting, ability to develop reliable sources of supply and sound commercial acumen to achieve targetted volumes & profits. Ideal candidates should be postgraduates from IIFT/IIM with at least 10 years experience in **reputed trading/export houses.** Age Group 38—45.

Please write to **B P Agrawal, Chairman** with detailed biodata. Total emoluments will be competitive & negotiable. **High Performers** could look forward to rewarding career prospects. All correspondence must be made through courier/speed post and envelope & enclosures marked with job title & code VPIT/BPA/3091.

ABC CONSULTANTS PRIVATE LIMITED

43/3, Hazra Road, Calcutta 700 019

New Project Development • Techno Economic Feasibility Study • SWOT Analysis • Organisational Restructuring • MIS

Manpower Audit & Planning • Managerial Appraisal • Salary Survey

GENERAL MANAGER-OPERATIONS

(Mass Consumer Products)

Our client, a progressive company with distinguished record as pioneers in their field and engaged in manufacture of a wide range of well-known mass consumer products is looking for a GENERAL MANAGER-OPERATIONS for its plant near Delhi. The products of the company enjoy excellent brand-image and are market leaders. Growth and profitability records have been excellent over the years and the current turnover of Rs. 200 crores will substantially increase in view of ambitious expansion & diversification plans underway.

The incumbent will report to the Managing Director and will be responsible for total OPERATIONS MANAGEMENT including Production, Engineering, Expansion & Diversification, Commercial Functions, Factory Administration etc. It is desirable that the incumbent should have knowledge of Excise and other Legal/Statutory obligations required to run the Plant. The assignment will call upon special strengths in the area of Man-Management and Public Relations.

He should be a leader with vision, an analytical & innovative mind, capable of bringing about a systematic approach to Technical and Administrative areas, and an urge to excel. He will be required to meet the challenges of a fast growing business.

The Candidate should be young & dynamic Chemical/Mechanical Engineer with Post Graduate qualification in Industrial Engineering/Business Management and around 15 years of experience of which last 5 years should have been at a senior level running the entire manufacturing unit/profit centre. Prior experience in a large Pharmaceutical/Process Plant is desirable but not essential. He must be an achiever with proven ability to perform. Age: around 40 years.

THE COMPANY OFFERS VERY ATTRACTIVE SALARY & PERQUISITES WHICH GO WITH SUCH SENIOR POSITIONS AND COMPARE WITH THE BEST IN INDUSTRY.

Apply in strict confidence within 10 days with detailed Bio-Data, marking the envelope & application with job title & code GMOP/8 to:

omam Consultants Private Limited

14-D, BASANT LOK,VASANT VIHAR,NEW DELHI-110 057.TEL: 670821/604587.

SRISHTI 91

Our clients are a professionally managed company, engaged in the manufacture and export of High Pressure Decorative, Industrial and Commercial laminates, with an annual turnover of Rs. 14 crores. (Targetted turnover is around Rs. 40 crores by 93-94)

Although established just 4 years ago, our clients are already a force to reckon with in the export market, particularly in Europe and the Far East.

Encouraged by the overwhelming response, they have planned to launch their products in the domestic market, in a big way. To meet this challenge the Company has already initiated an expansion programme to double the present production capacity. To spearhead their envisaged growth, the Company is on the look out for:

GENERAL MANAGER – MARKETING

(LBS/343)

LOCATION: AHMEDABAD (Rs. 1.8 lakhs + furnished house & Car)

The incumbent should be an MBA, 35 – 40 years of age, with a minimum of 10 years' marketing experience, preferably in the field of building material products.

As Head of the Company's all – India operations, he will be responsible for the marketing and sales of their products. This entails developing and implementing strategies, launching new products, recruiting and motivating the sales team and establishing and controlling the sales distribution infrastructure.

Interested candidates may send in a detailed resume, within 10 days, superscribing the envelope with the above Ref. No., to:

PERSONNEL SEARCH SERVICES
71-A Mittal Chambers, Nariman Point, Bombay-400 021.
Tel: 2874164, 2027859.

Clamar

OVERSEAS ASSIGNMENTS

GENERAL MANAGERS - FOREIGN OFFICES

LONDON
NEW YORK

TEHRAN
DAR-ES-SALAAM

Our clients are a, Multi-product, international Trading Company with diversified trade activities, exporting a wide variety of Small, Medium and Heavy Engineering Goods, Construction Machinery, Drugs, Pharmaceuticals, Agricultural Commodities, Chemicals, Textiles & Leather Products, etc. They also undertake turn-key projects and are active in Counter-trade. They are planning to develop a regular cadre for manning the Overseas Offices.

The positions call for assuming total responsibility and for achievement of required results in the identified markets. Dynamic and highly motivated performance would be required.

The candidates should be well-qualified, with proven experience of 12-15 years in International Business. Previous experience of foreign postings with Indian Companies will be preferred.

MANAGERS

LONDON
NEW YORK

EAST AFRICA
LISBON

MOSCOW
MIDDLE EAST

The incumbent must have 7-8 years experience in International Business and will be assisting the General Managers for attaining business results in the respective countries.

FOR THESE POSITIONS, KNOWLEDGE OF ARABIC/PORTUGUESE/FRENCH/ RUSSIAN WOULD BE PREFERRED.

Remuneration would not be a limiting factor. Besides salary, excellent foreign and other allowances and liberal perks applicable to postings in Foreign Offices would be offered.

Please apply within 10 days with passport size photograph to –



RESOURCES MANAGEMENT ASSOCIATES

GF-12A, "Meghdoot", 94-Nehru Place, NEW DELHI - 110019.
Phones: 6410255, 6441795, 6420773, 6429193, 6429165.

भारतीय औद्योगिक वित्त निगम
Industrial Finance Corporation of India
(Incorporated under Industrial Finance Corporation Act, 1948)

Advt No. 1/91

Needs

DEPUTY GENERAL MANAGER (EDP)

Pay Scale : Rs. $\frac{5675}{1}$-$\frac{175}{5}$=6550 (Six years)

Total emoluments at Min. Rs.9494/-

General Benefits :- Benefits like Provident Fund, Gratuity, Medical Facilities, Leave Fare Concession, Leave encashment, Conveyance allowance, leased accommodation/ Staff quarter, will be available as per existing rules.

Interested candidates in the age group of 45 to 50 years as on 31.7.91 and holding Post Graduate Degree in Engg/Computer Science/ Computer Application / Physics / Maths / Operations Research/ Statistics with atleast 15 years' experience (of which, atleast five years should be of Heading an EDP Department) in medium/large organisations using mini/mainframe Computers, may apply for Application Form and detailed instructions to **Post Box No. 11, New Delhi-110001**, enclosing a self-addressed stamped (Rs. 10.00) envelope (9"x4" of thick paper) superscribing on the Envelope "Request for Application Form for the post of DGM (EDP)", OR collect the same personally on any working day from Corporation's Personnel Division at Scope Complex, Core - 5, (1st Floor) 7-Lodhi Road, New Delhi, against a **written request** between 3 to 5 PM on or before the 20th September, 1991. **REQUESTS RECEIVED AFTER THE 20TH SEPTEMBER, 1991 FOR WHATEVER REASONS SHALL NOT BE CONSIDERED AND NO CORRESPONDENCE IN THIS REGARD SHALL BE ENTERTAINED.**

GENERAL MANAGER
(ADMN. & PERS.)

INDIAN SEAMLESS

growth through excellence

We are a large diversified Group with interests in seamless tubes, steel making, aviation, leasing and financing business. Our ongoing expansion and diversifications, which are expected to take the Group turnover past Rs. 500 crores by the end of the decade, have given rise to the following position :

FINANCIAL CONTROLLER & COMPANY SECRETARY

The position, reporting to the Managing Director, heads the finance, accounting and secretarial functions of a large manufacturing company. Besides administering the above functions with the help of increasing computerisation, the incumbent will have necessary professional knowledge and skill to advise the Board of Directors on mobilisation and management of funds for meeting the growth-needs of the Group.

We expect the applicant to be a qualified C.A. and C.S. with about 15 years' experience in the above areas in reputed listed companies, of which at least 5 years should have been at a senior level. Experience of having conceptualised and handled large public issues will be an advantage.

We offer a compensation package matching the best industry practice, a thoroughly professional environment and excellent growth prospects. Please apply in confidence, within 10 days, giving details of qualifications, age, experience, remuneration drawn, and enclosing a recent passport-size photograph, to :

MR. A. V. PRADHAN
GROUP CHIEF EXECUTIVE (HRD)
THE INDIAN SEAMLESS METAL TUBES LTD.
6E, RAMABAI AMBEDKAR ROAD
PUNE : 411 001

91-548

To join us as Human Resources Development Manage
there's one thing you have to be.



Human.

Recently, our oldest employee was called upon to do something he'd never done before.

Lay the foundation stone of our second plant at Angamally.

Then again, on our first Founder's Day, every founder employee of Kancor found himself being chaffeured to work in a company car.

This attitude extends to day-to-day work, too.

Not one of our employees hesitates to assume responsibility. To participate in decision-making.

Even to throw the book at us if need be.

We expect all of our people to place a premium on a much-abused word: Creativity.

As well as understand that, through their work, they create values that will foster and nourish our culture.

(We hope we make ourselves clear.)

Frankly, there's nothing very surprising in all this. Our people, after all, have made us what we are today. The global leader in spice oleoresins.

They have made possible, and will give impetus to, our tie-up with McCormick, US food giant and Fortune 300 company.

They are the flesh and blood of the corporate skeleton that is Kancor.

The challenge now is to manage our growth without turning into an impersonal machine.

A task we'll succeed in only if we continue to treat our people in the way we always have.

As human beings.

KANCOR
FLAVOURS AND EXTRACTS LIMITED

If you have 5-7 years' experience in a global operations company, a post-graduate degree in personnel management/ HRD, and can communicate in English and Malayalam as well as our ad agency can, we'd like you to be part of our team. Will we pay you well? Will we give you a house? And a car? Yes. Yes. And yes. Write to: Sanjay Mariwala, Kancor Flavours & Extracts Ltd, Post Bag No 3, Angamally South 683573, Kerala.



BRAND EUPHORIA BECKONS

Creating winning products is half the success story. Marketing it well is the other. Our R & D edge has developed products that will dramatically change the market scenario.

WE WANT MARKETING MASTERMINDS to propel our products right into the pages of brand history, the young, ambitious success hungry people who will create a frenzy in the market place.

The products breathe excitement. Making us specialists in power electronics systems who export technology to Japan. We are introducing more products. Soon. Aiming at a turnover of Rs.10 crores in the first year of commercial production.

We want marketing men with experience in direct selling with any background. But with a drive to succeed.

REGIONAL MANAGERS (Bombay, Calcutta, Delhi, Hyderabad, Madras)
Age: 27 – 30 Salary: Rs.1,00,000 p.a. + sales incentives

Young talented graduates, preferably with an MBA may read on. They should have 4-8 years experience in sales. They should be earning atleast Rs.70,000 per annum. And they should have led a team of marketing executives. Experience in handling dealers is a plus. They will have to set up a regional office, gun for sales targets in that region, motivate their executives, set up 15-20 dealers in the region and help dealers achieve their targets. Clearly, a busy schedule awaits.

SR. MARKETING EXECUTIVES/MARKETING EXECUTIVES (Bombay, Calcutta, Delhi, Hyderabad, Madras)
Age: 22-25 Salary: Rs.50,000 p.a. + sales incentives

Graduates preferably with an MBA are ideal. Experience of 0-3 years in sales is expected. A normal day will entail activities in sales achievement in your territory and strong customer orientation.

Come. Step out of anonymity. And take your place in the centre stage of marketing performance. We'd like to hear from you in 10 days.

Box No. AA/352/LS/3. **Business India,**
157, 8th Main Road, Vasantha Nagar
Bangalore-560 052

HARYANA PETROCHEMICALS LTD.

urs is a professionally managed, fast growing company, which manufactures Polyester Filament Yarn, and s a turnover of around Rs. 180 crores per annum. We wish to appoint suitably qualified persons to the llowing positions:-

.) DIRECTOR FINANCE

) SENIOR POSITION IN MARKETING AT GENERAL MANAGER/ ASSISTANT GENERAL MANAGER LEVEL.

C) MANAGER EXPORT.

ob Description

) Director Finance:

ne incumbent will head the Corporate Finance Team and will be responsible for managing the entire financial functions like laying own accounting systems and procedures, preparation of annual accounts, liaison with financial institutions and banks, evolving rategies for meeting the on-going fund requirements, and related activities.

e are looking for a person with about 15 years experience of which atleast 5 to 7 years should be in a senior position with a large or edium sized manufacturing company. All other things being equal, we would prefer a CA or MBA (Finance) from a reputed stitution.

) Senior Position in Marketing:

ne incumbent will head senior position in marketing team and report to the top management. He will be responsible for all marketing nctions like marketing research, formulation of marketing strategy, identifications of new markets and strengthening old ones, ricing etc. towards achieving the profit objectives of the Company. He should be fully conversant with import and export procedures.

/e are looking for an innovative and dynamic person with a proven track record. He should preferably be an MBA with specialisation in arketing from a reputed institution with around 10 years of experience in the area of marketing of which atleast 3 years should be in a enior position. Those having experience in filament yarn marketing will be given preference.

) Manager Export:

he incumbent will be responsible for developing the export market for Company's product. He should be thoroughly acquainted with ne export markets, procedures, documentation etc. and should have atleast 5 years experience in the export of polyester yarn or elated products.

We are looking for a person of great initiative and drive with a proven track record.

EMOLUMENTS:

he above positions are in the top/senior management of the Company. Emoluments will be commensurate with qualifications and xperience and will compare favourably with the best in the country. All posts carry usual benefits like LTA, PF, Gratuity, Medical & Conveyance reimbursement, Encashment of leave, Housing etc. as per the rules of the Company. The positions are presently based at Delhi but are transferable anywhere in India.

Please apply within 15 days with full particulars of age, qualifications, mailing address, experience, salary drawn to:-

GENERAL MANAGER (PERS. & ADMN.)
HARYANA PETROCHEMICALS LIMITED,
ADHITAM KENDRA,
B-18, QUTAB INSTITUTIONAL AREA,
NEW DELHI-110 016.

All applications should be superscribed with the post applied for.

HABSON

ABC's major specialisations include Corporate Consultancy

New Project Development • Techno Economic Feasibility Study • Industrial Engineering • Systems & Procedures

SERVICE INDUSTRY PROFESSIONALS

International freight forwarding and related services

Our clients are a leading group in the service sector with a turnover exceeding Rs 70 crores and an all-India network covering 36 locations. With a worldwide network of service partners, the Group is engaged in international air and ocean freight forwarding, consolidation, transportation and distribution services.

As a part of their line management reinforcement and expansion programme, and to meet the challenges of the new economic environment, our clients wish to recruit high profile service industry professionals.

MANAGER—AIR EXPORTS (IFF/DKT/1198) **Bombay, Delhi**

MANAGER—OCEAN EXPORTS (IFF/DKT/1199) **Delhi**

DY MANAGER—IMPORT CONSOLIDATION (IFF/DKT/1200) **Delhi**

DY MANAGER—OCEAN EXPORTS (IFF/DKT/1201) **Bombay**

DY MANAGER—IMPORT CLEARANCE (IFF/DKT/1202) **Bombay**

DY MANAGER—AIR EXPORTS (IFF/DKT/1203) **Bangalore**

Knowledge of export/import procedures and documentation and familiarity with computers are preferred. Excellence in profit centre management, leadership, customer relations and receivables management are important attributes for all these positions.

MANAGER—DIAMOND AIR FREIGHT SERVICE (IFF/DKT/1206) **Bombay**
The incumbent should have adequate exposure to the diamonds trade and be fluent in Gujarati.

All positions carry weightage for graduate/professional qualifications and cargo industry qualifications and experience. Candidates with lesser qualifications and experience may be considered for appropriate management positions, to be trained for succession.

Our search is for dynamic, mobile and mature professionals with a mind for growing with the best. There is no limit to age.

All positions carry attractive structured remuneration packages.

Please apply within 7 days with detailed bio-data to **D K Tandon, General Manager** and mark the envelope & enclosures with appropriate job title & code.

ABC CONSULTANTS PRIVATE LIMITED
303, Embassy Centre, Nariman Point, Bombay-400 021

Manpower Audit & Planning • Managerial Appraisal • Salary Survey

Takeovers • Business Negotiations • Strategic Planning

A LEADER

IS LOOKING FOR

LEADERS

TO CONQUER THE

INTERNATIONAL

MARKET

We are a public limited company with an established name in the building products industry in India. We have grown rapidly, and are on the verge of taking on many more challenging projects both in India and in international markets.

Today, we're looking for 2 dynamic marketing men to head our operations in the Gulf and S.E. Asia respectively.

REGIONAL MANAGERS

Location : Dubai and Singapore

They would be around 35 years of age and armed with post graduate qualifications from a leading business school.

Experience would include a minimum of 5 years in the Gulf/S.E. Asia, handling similar products. Based in Dubai and Singapore respectively, the candidates will look after the distribution and marketing of our products in their region. The job will also involve establishing franchised showrooms in all major cities in the region.

An attractive remuneration package, sales-linked incentives, accommodation, car and home travel allowance will be offered.

BUSINESS MANAGER

Location : Madras

The job will involve sourcing new products for international markets and eventually establishing an export house.

He will be around 30-35 years of age, preferably an MBA with at least 5 years relevant experience. Previous experience in sourcing building products like granite, marble etc. will be an added advantage.

EXPORT EXECUTIVE

The candidate will be around 30 years of age, preferably with a degree from the Indian Institute of Foreign Trade.

Experience would include a minimum of 5 years in the export department of a reputed company or an export house.

The candidate would be in charge of following-up on enquiries, export pricing, export documentation and the processing of export incentive claims.

Remuneration for all positions will be on par with the best in the industry.

Apply within 10 days to
Box No : AA/352/LS/5
Business India
Wadia Building,
17/19 Dalal Street
Bombay 400 001

HEAD OF MARKETING SERVICES

Delhi **Excellent Terms**

Our client, a fast growing, services-oriented company, part of a large Industrial House having interests in diversified fields, has decided to launch a range of Innovative Marketing Services on an all India basis as a separate business activity. They are looking for a dynamic & innovative hands-on Marketing Professional to head this activity.

The incumbent will head this Business Division as a profit centre and report to the Chief Executive of the company. He will conceive, formulate & implement aggressive and innovative marketing strategies /promotional & development plans and achieve business targets of revenue & profitability. He will be responsible for organising the total operations and controlling a team of professionals.

Candidates should preferably be MBAs from reputed institutions, age around 35 years with about 10-15 years relevant experience of marketing consumer products/services.

The position calls for a high degree of business acumen & vision. He should be a self-motivated individual with keen commercial & financial sense and be familiar with the operations of various related functional areas.

Our client is looking for a top flight consumer/service marketing professional with alround strengths in both field selling & conceptual aspects of marketing and with proven track record.

COMPENSATION PACKAGE WOULD BE IN LINE WITH THE BEST PREVALENT IN THE INDUSTRY AND WILL NOT BE A CONSTRAINT FOR THE RIGHT PERSON.

Apply in strict confidence within 10 days with a detailed Bio-Data, marking envelope and enclosures with job title and Code HMS/8 to:

Omam Consultants Private Limited

14-D, BASANT LOK, VASANT VIHAR, NEW DELHI 110057. TEL: 670821/604587.

SRISHTI/91

Tenzing and Hilary scaled the Everest. Armstrong went as far as the moon.

Maybe we can help you reach for the stars.



What would you expect of the fastest-growing software company in the country? We invite you to plot your growth curve along with ours. Your growth is more easily achieved at Wipro Systems. That's because we've created an atmosphere that's people-friendly. Here, ideas take root, branch out and flourish. And talent is never allowed to remain latent. In fact, it is the premium that we place on people and ideas that has made us the company that we are.

Today, our clients recognize us as a software company that approaches their business needs honestly, competently and with a sense of partnership. To build on this reputation and to accelerate the 100% growth rate (300% on exports) we've maintained over the past two years, we are now making many moves. Shortly, we'll be adding HP and IBM workstations and an IBM mainframe to our existing environment of IBM AS/400, UNIX, LAN and SUN Sparcstations among others. We even propose to establish satellite links to communicate with our overseas clients. These plans apart, we'll need you as well.

Software Specialists/ Project Managers

Your growth depends on your managing software projects profitably, from cost estimation to project implementation, either in the area of Commercial Applications or in Systems and Communications. You'll also actively seek out new business to make your growth that much faster. A high-calibre team of well-trained professionals will assist you in the process.

Apart from the desire to grow with us, you need to be a BE/CA/MBA/MCA with 3-10 years of software development experience.

If you're one, see what you can be. At Wipro Systems many exciting overseas assignments will come your way, and in time, you can take over as group projects manager, manager-in-charge of a line of business or a business development manager at any one of our overseas offices. To start with, you'll start at Bangalore.

If you're interested, write within 10 days. And what seems light years away might turn out to be well within your reach.

Manager—Human Resources
WIPRO SYSTEMS LIMITED
40-1/A Lavelle Road
Bangalore 560 001

WIPRO SYSTEMS
THE SOFTWARE PEOPLE

We are the largest Business Group in the Sultanate of Oman representing world renowned franchises like TOYOTA, FORD, M.A.N., KOMATSU, KUBOTA TRACTORS, YOKOHAMA TYRES, THERMOKING REFRIGERATION UNITS etc.

Bahwan Automotive Centre MUSCAT

We have one of the largest Central Warehouses/Stores in the country with **over 200,000 line items, a binning area of around 13,000 square metres and** manpower strength of more than 300 personnel. In addition, we háve several large Warehouses/Stores with a total area of 10,000 square metres all over Oman at various branches/locations and for different automobile franchises. The stores operation is fully computerised with modern facilities for storage and distribution. The Central Warehouse is the nerve centre of our entire Parts/Service operations.

We require following professionals to manage the complex and large stores facilities.

WAREHOUSING & DISTRIBUTION MANAGER

QUALIFICATION: Post graduation in Materials/Business Management from a recognised institution.

EXPERIENCE: Minimum 10 years in a prestigeous organisation in a similar capacity, out of which atleast 5 years as an overall incharge exclusively for a large stores operation involving modern storage and extensive distribution. He will be assisted by a team of efficient and experienced professional Assistant Managers, Senior Executives and other support staff. It shall be his responsibility to oversee the various operational aspects like (1) receipt of materials from Overseas Principals, (2) binning, (3) despatch of materials to dealer networks and branches, (4) management of fleet of trailors and trucks, (5) implementation of Warehouse improvement plans in co-ordination with Overseas Principals, (6) studying the mechanisation of materials handling department and suggesting improvement for increased productivity (7) accountability of materials in the Warehouse, (8) achieving customer satisfaction by ensuring prompt delivery of materials over the counter/dealers, branches etc. and (9) efficient space management by utilizing the available space scientifically and through time and motion study.

AGE: 35 to 40 years.

ASSISTANT MANAGERS

QUALIFICATION: Post graduation in Materials/Business Management from a recognised institution

EXPERIENCE: Minimum 7 years in a prestigeous organisation in a similar capacity, out of which atleast 3 years in a senior position handling overall responsibilities of a large stores operation involving storage and extensive distribution. They will assist the Warehousing & Distribution Manager in all his functional areas.

AGE: 30 to 35 years.

Common for both positions:

Those not meeting the desired educational qualification will also be considered, provided they have long and relevant experience in Stores Management.

Persons working in small or medium sized stores need not respond.

All the positions warrant persons with strong leadership abilities and inter-personal skills.

Extremely attractive remuneration package with substanstial savings potential, fully furnished family accommodation, car, annual leave, air passage, free medical facilities and gratuity will be offered to selected persons.

Applicants willing to join us from a long term perspective only may respond within a week along with detailed resume, 3 photographs and photocopies of passport/certificates to:

The Senior Manager (Personnel)
Bahwan Automotive Centre
P O Box 168, Muscat
Sultanate of Oman

Interviews will be held in Bombay, Pune, Delhi, Calcutta, Madras, Hyderabad and Bangalore. Please indicate your preference in the application.

DCL POLYESTERS LIMITED

DCL Polyesters Limited, belonging to the DCL Group, with equity participation of State Industrial and Investment Corporation of Maharashtra Limited (SICOM) and Asian Development Bank, Manila (ADB), is a 25000 TPA Polyester Filament Yarn plant with continuous polymerisation, direct spinning and state-of-the-art technology in collaboration with EMS-Inventa AG, Switzerland. The Company is presently looking for qualified and competent personnel for the following positions in Hyderabad/Nagpur.

CHIEF MANAGER (Production)

Code: CMP

Graduate in Chemical Engineering with at least 20 years experience in Polyester Filament Yarn plant, preferably continuous polymerisation and direct spinning.

Over-all, responsible for the quality and quantity of the production and guide the technical team to operate the plant in achieving desired results.

MANAGER (Quality Control)

Code: MQC

Ph.D., preferably in polymer industry, with about 15 years experience in a Polyester Filament Yarn plant.

Responsible for management of textile and chemical labs and will provide useful feed-back to the production personnel to help maintain strict control on quality.

MANAGER (Process Control)

Code: MPC

Graduate in Chemical Engineering/Textile Technology with about 15 years experience in a Polyester Filament Yarn plant.

Responsible for the continuous monitoring of process parameters, evaluation of plant performance, trouble-shooting in all the areas from raw material to final packing and initiate corrective action, wherever necessary.

MANAGER (Industrial Engineering)

Code: MIE

Graduate in Industrial or Mechanical Engineering with about 10 years experience in Synthetic Fibre Industry, preferably polyester plant.

Responsible for establishing cost centres, initiate action for cost reduction, wherever possible, audit and control of man-power planning, energy and utilities. Development of major material consumption, material handling, specifications and inspection system for packing material and reduction of wastage at all stages.

MANAGER (Exports)

Code: ME

MBA from a reputed institute with about 10 years experience in export marketing.

Responsible for handling the exports of the Company's products. Should be conversant with all Government procedures and formalities related to Exports.

MANAGER (Internal Audit)

Code: MIA

Chartered Accountant/MBA - Finance with 10-15 years experience in a reputed organisation preferably with Audit experience in EDP environments. He will be responsible for the entire Internal Audit function at Factory, Head Office and branch offices all over India.

The compensation package will be one of the best in the industry.

Applications, giving a detailed resume of responsibilities, achievements and salary drawn and expected with passport-size photograph, superscribing the job code on the envelope, may be sent within 10 days, to:

The Corporate Consultant
DCL Polyesters Ltd.
6-3-666/B, 4th Floor
Deccan Chambers, Somajiguda
Hyderabad - 500 482.

Imageads-119/91

ABCON

A.B. CONSULTANCY PRIVATE LIMITED

CHALLENGING CAREER OPPORTUNITIES WITH A WORLD LEADER

ABCON have been retained by a large multinational company with a global business in design, manufacture and installation of power plants for electric utility companies and undertakings, planning operations in India in harmony with the new national policy orientation in the power sector. It requires senior professionals with outstanding track records in several areas.

Extensive specialised training at its overseas plants will precede assignment of responsibilities.

Opportunities exist in the following fields, for positions 1 and 2:

- Civil and structural engineering
- Mechanical equipment including steam/ gas turbines, other auxiliaries and piping
- Power plant electricals including generators and excitation system
- Instrumentation and controls for power plants

1. SENIOR MANAGERS / MANAGERS (ENGINEERING)

The incumbents will be required to develop and head the respective engineering groups. The candidates shqld have adequate experience in developing basic engineering inputs for the main plant and auxiliary systems of the power plant and / or developing the detailed engineering and documentation from basic engineering data for the execution of the project.

The candidates will be graduates in the respective field of engineering with 12-15 years experience in the field of Power plant engineering. Post-graduate qualification will be an added advantage.

Age – Around 35 years

2. ASSISTANT MANAGERS / SENIOR ENGINEERS (ENGINEERING)

The incumbents will be a part of the Power plant engineering group in their respective fields and should be capable of developing detailed engineering work, documentation, for power plant project execution, and leading a team of engineers and draftsmen in their areas of work.

Candidates who are engineering graduates with a sound academic background and 3-6 years experience may be considered for the above position.

Age - Around 30 years.

3. MANAGERS / ASSISTANT MANAGERS (SALES & PROJECTS)

The incumbents should have sound technical background to carry out market studies, selection of projects and the understanding of specific needs of a project from the point of view of finalising the key technical and commercial data for preparation of tenders.

The candidates will be graduates in civil / structural, mechanical or electrical engineering with sound academic background and experience of 6-10 years in the field of tendering and / or project management of large turnkey power plants. Experience in discussion / negotiations with vendors and customers will be an added qualification.

Age – Around 30 years.

A global market leader, the organisation is known for its supportive work environment and it provides challenging career opportunities. The compensation package will be the best in the country.

Please apply in strictest confidence, superscribing on the envelope the position applied for, within fifteen days from the publication of this advertisement to:

A.B. Consultancy Private Limited
505-506, Brigade Towers;135, Brigade Road;Bangalore 560 025.

Banque Nationale de Paris

- The number one commercial Bank in Europe

- One of the top 10 banks in the world for the last 20 years

is on the lookout for young and enthusiastic professionals who are looking for challenging assignments in one of the largest international banks operating in India with branches in over 80 countries.

MANAGER - CORPORATE BANKING

The candidate should preferably be an MBA from a reputed management institute or a Chartered Accountant. He should have 8 - 10 years experience in marketing and business development in corporate banking in a reputed bank. He will lead a team of young professionals and will assume responsibility to meet targeted levels of business.

SENIOR MARKETING OFFICER

The candidate should preferably be an MBA from a reputed management institute or a Chartered Accountant. He should have at least 5 years experience in handling a portfolio of assets in the corporate segment as a marketing officer.

He will be responsible for marketing new corporate clientele within the present team.

SENIOR OFFICER - RESOURCE MOBILISATION

The candidate should preferably be an MBA from a reputed management institute or a Chartered Accountant with extensive contacts who can mobilise resources for the Bank. He will be responsible for achievement of targeted level of resources.

CREDIT OFFICER

The candidate should preferably be an MBA from a reputed management institute or a Chartered Accountant. He should have at least 3 years experience in credit appraisal of corporate accounts with large facilities. He should necessarily be familiar with a computerised environment, especially languages like Lotus and dBase.

He will be responsible for managing a team with the function of risk assessment, documentation, conduct of consortium meetings etc.

INTERNAL AUDITOR

The candidate should be a Chartered Accountant with extensive experience in inspection / audit in a bank or a large organisation.

SENIOR IMPORT EXPORT OFFICER

The candidate should preferably be professionally qualified (MBA or CA) and should have at least 6 to 8 years experience in managing the import, export and related foreign exchange operations of a large branch of a nationalised or foreign bank.

All the above candidates should be familiar with working in a computerised environment and should be between 24 and 35 years of age.

Please apply with full details including contact phone number to :

BANQUE NATIONALE DE PARIS

French Bank Building, 62, Homji Street, Fort, Bombay 400 001

superscribing the envelope with the position applied for.

JINDAL GROUP

We are the largest manufacturers of Steel Pipes and Tubes. We have set up a plant for manufacture of Seamless Pipes near Bombay. We are looking for the following personnel to be stationed at our Pipe Nagar Works :

COMMERCIAL MANAGER

The incumbent will have responsibility for efficient handling of commercial functions including Materials Management, Stores, Finished Goods, Despatches of Finished Goods, Warehouses, sales and marketing, finance functions and coordination of all matters pertaining to excise and taxation. Key responsibilities will include material procurement, inventory control, liaison, sales and marketing.

The candidate should be an MBA/CA with the ability to conceptualise and implement sound systems and who has at least 10 years similar experience in a reputed organisation.

MARKETING MANAGER

The incumbent will independently manage and be responsible for the entire range of marketing functions involving strategy, market development, product and sales promotion, pricing, distribution, operational control, sales and profitability. He will also be responsible for creating a professional marketing network and dealer development. He should be a self-starting leader with the drive and ambition to build an organisation.

The candidate should be graduates with Post Graduate qualification in Marketing from a reputed Institute with a minimum 10 years experience.

Emoluments are excellent and will not be a constraint for outstanding candidates. Please apply in strict confidence with full particulars and details of salary drawn and expected to :

Maharashtra Seamless Ltd.
Pipe House
56 Hanuman Road
NEW DELHI 110 001

hilputsi

Arvind

THE ARVIND MILLS LIMITED

Arvind Mills, a part of the Lalbhai Group, is one of the leaders in textile industry with a substantial turnover in the international market comprising of high-quality, value-added products. It is poised for attaining a leading position in the international textile market and has plans for large investments. The company recognises MIS as a key function and already has in place sophisticated MIS. To strengthen the present team it requires:

MIS EXECUTIVES

AHMEDABAD

The Job: The incumbents, after due orientation, would provide support in implementation and modification of MIS. They would be playing a key role in Management Decision Support System in areas of Production, Product-mix, Sales and Marketing, Finance & Projects, etc.; in a complex and competitive business environment.

Qualifications: Degree in engineering, preferably textiles, with a post graduate qualification in management. Familiarity with computers is essential. They should have about 3/5 years experience in a large company with an ongoing management information system.

Remuneration: The company offers an attractive package.

Please write in strict confidence to:

Ms. Pratibha Sheth,
Executive Director,
Shilputsi Consultants,
Post Box No. 9386,
Bombay-400 026.

CIMMCO LIMITED a Birla Company is a multi-product, multilocation Company with current annual turn-over of around Rs. 250 crores. The Company's manufacturing facilities are located at Gwalior (M.P.), Bharatpur (Rajasthan), Faridabad (Haryana) and Noida (U.P.). Cimmco International, the Company's International Division is located at New Delhi with several offices overseas. The Company is setting up a wholly owned subsidiary at Solapur (Maharashtra) a 100% EOU for Cotton Yarn. The Company is well diversified and has expanded its activities considerably both in India and Overseas. Other associate Companies have manufacturing facilities in several parts of India and also in other parts of the world like Malaysia, Nigeria etc.

We have highly qualified and motivated professionals through whose strength it has been possible for us to grow. We have strategic plans for further diversification and expansion and new projects in India and Overseas. For our existing operations as well as for new activities we are looking for well qualified and motivated professionals who will join us presently at Middle Management Levels and grow fast depending upon their own initiative and drive.

We invite qualified Chartered Accountants, MBAs and commercially oriented Engineers between 30 to 40 years, who are willing to join our team. Candidates interested are requested to apply giving their full resume and indicate their location preferences Salary and perquisities will not be a limiting factor for the right candidate. All applications will be treated strictly confidential and dealt with personally by the undersigned only.

D.K. Goyal
President
Cimmco Limited
28-A, Kasturba Gandhi Marg
New Delhi-110 001

GENERAL MANAGER

Nairobi

r a well established and reputed company ngaged in retailing and wholesale trade in eneral merchandise including cosmetics, ersonal care products, confectionery, tchen appliances, OTC's etc.

elected person will have complete respon- bility of the business with major thrust on rganising procurement function and troducing systems and controls for effec- ve management. Successful applicants are xpected to be MBA's in the age group 30 to) years with 8 to 10 years relevant xperience. At least 3 years experience ust be as profit centre head. While no nctional specialisation is insisted upon, rofessionals with materials management nd experience in implementing computer ased business systems would have an dvantage.

addition to attractive salary with good avings potential position offers family ccommodation, car, medical and leave ith passage every 2 years.

pply immediately indicating contact elephone No. and quoting Ref. No. MP/F-4319

DATAMATICS STAFFING SERVICES
Post Box No. 106 G.P.O. Bombay-400 001.

Regn. No. 1538/BOM/PER/100/3/2866/90

Diason

WIMCO

WIMCO Ltd. is a progressive,multi-national company. Having a diversified business portfolio, it is the pioneer of Safety Matches in India. Other areas of business include Agro Forestry and Food Processing. Its annual turnover is about Rs. 125 crores.

The Company is looking for :

CHIEF COMMERCIAL MANAGER
MATCH DIVISION (NEW DELHI)

Age : Around 35 years.

The incumbent is expected to take overall responsibility for the 'Materials Function' of the Match Division. This is a Senior Management position with the incumbent reporting directly to the Executive Vice President.

Candidate should be, at least, a graduate with specialisation in Materials Management. Engineering graduates with post graduate qualification in Business Management from good institutions will be preferred. Exposure to purchase of board, paper and chemicals,as well as,exposure to import/export procedures will be considered as additional qualifications.

The candidate must have around 10 years' post qualification experience in Materials Management, of which, at least 2 years should be at a responsible level in the Management Cadre.

Attractive salary offered. Perquisites include furnished house, car, L.T.A., medical and retirement benefits.

Please send in detailed resume within 10 days to :

General Manager-Personnel,
WIMCO Limited,
E-5, Local Shopping Centre,
Masjid Moth,
New Delhi-110 048.

everest/d91.WL.131

COMMODITY EXPORTS EXTRACTIONS/RICE

BOMBAY **EXCELLENT TERMS**

Our client is an established, rapidly expanding Group of companies with diverse interests in manufacturing/ trading/exports and a turnover in excess of Rs 350 crores. The Group is financially very sound and has an excellent record of growth and profitability. The commodity exports division, a recognized export house, has made great strides in a short span of 3 years and has even more ambitious expansion plans to substantially increase the present turnover of Rs. 25 crores. The Division exports soya, castor, rapeseeds, groundnut and other extractions as also rice and has established marketing channels overseas. To meet the challenges of the future our client wish to strengthen their present team with seasoned commodity exports professionals.

DY. GENERAL MANAGER

This is a senior opening entailing overall responsibility for the Division's multi-faceted activities. Smooth execution of export orders and local procurement will be key result areas. Suitable candidate will have around 7/8 years relevant experience in the aforesaid products with leading exporters/broking firms/manufacturing companies.
(Ref. No. NMK/A-2130)

EXPORT MANAGER

He will assist the DGM in all spheres. He could have INDEPENDENT charge of a specific product/s if he is a 'specialist' in certain product/s. He will have a background similar to that of DGM with around 4/5 years experience.
(Ref. No. NKM/A-2131)

EXPORT EXECUTIVES (2)

They will be responsible for documentation, liaison with concerned authorities, co-ordination, banking and related matters. Suitable candidate will be a graduate with 5 years relevant experience, preferably with Export houses dealing in the foresaid products.
(Ref. No. NKM/A-2132)

THE TERMS ARE VERY LIBERAL AND ENTIRELY NEGOTIABLE

Apply immediately quoting relevant Ref. No.

DATAMATICS STAFFING SERVICES
Post Box No. 106 G.P.O. Bombay-400 001.

Diason

Our clients from South India, who are publishers of leading language newspap and other popular multi-language periodic

require

SENIOR MARKETING PROFESSIONALS

based at

BOMBAY & MADRAS

The incumbent will be responsible for marketi advertisement space for the various publicatio ensuring effective credit management, in t respective regions.

Candidates shall be graduates/postgraduat with excellent communication skills. A Degree Diploma in Business Management wi specialisation in Marketing will be an adde advantage. They must have proven track reco in marketing field; preferably in space selling in competitive environment. They should have abou 7 to 10 years experience, out of which at least years should be in a Senior capacity.

Persons with work experience in Bombay/Madra will be preferred.

Fluency in English and Hindi/Tamil (dependin on the place of posting) is essential.

Applications giving details of academic an professional qualifications, experience, salar drawn and expected may be sent within 15 day along with a copy of recent passport siz photograph to:

Top Management Consultancy Services (P) Ltd.,
Ceebros Arcade,
3rd Floor,
Sardar Patel Road,
Madras - 20

VICE PRESIDENT (OPERATIONS)

Important Cosmopolitan City of Karnataka

Compensation-Comparable to the best in Industry

Our client, are a part of one of the largest and reputed corporate conglomerates in the country. Known for their professionalism, the Group profile spans a wide range from Bio-technology to Consumer and Industrial products catering to core sectors of Transport, Telecommunications, etc. The company located in a cosmopolitan city of Karnataka with a turnover of nearly 50 crores employs State of the Art Technology and have turned in a spectacular performance in a short span. They have on anvil ambitious plans for expansion and diversification taking advantage of the winds of liberalisation sweeping the country. A top class professional is what they are looking for to take charge as Vice President-Operations.

He will be a Mechanical/Electrical Engineer in his late thirties with a qualification in Management from a reputed institute. High order Managerial skills with emphasis on Commercial acumen, Human Resources Development and ability to provide Leadership are the critical attributes for this position. Proven track record in managing successfully an independent profit centre in Engineering Industry, with adequate exposure to Manufacturing, Marketing, Finance and Human Resources disciplines is a must.

In due course he will be groomed to take over as President from the existing incumbent, who is slated for higher responsibilities in the Group.

Compensation is not a constraint, and will be designed to attract the right talent.

Please mail in your resume within a week giving particulars to :-

H.R. Raghuram, Director
Trust Management Services (P) Ltd.
105/2, Blue Cross Chambers
Infantry Road Cross
Bangalore-560 001.

General Manager — Works

Location: Baroda

A professionally managed diversified industrial group with turnover exceeding Rs.100 crores is looking for General Manager (Works) for their sophisticated chemical complex near Baroda. The selected person will assume full responsibility for manufacturing operations.

The Job: The G.M. (Works) will be incharge of Production, Quality Control, Technical Cell, Safety, Pollution Control, General Administration, & liaison work with local Government authorities. He will formulate and implement production plans/budgets on a profit centre concept basis.

The incumbent should be a professional of outstanding merit with sound Techno-commercial background, who will motivate the team to achieve the projected goals of production, efficiencies in manufacturing costs and profitability.

Qualifications: A chemical engineer, preferably from an IIT, with around 20 years experience out of which at least 5 years at the level of a Works Manager in a sizeable chemical complex (of minimum Rs.25 crores capital outlay). He should have had a successful track record and capable of leading a team of senior colleagues.

Age: About 45 years

Remuneration: The total package offered will be comparable to the best in the industry and will match the considerable responsibilities involved in this top management assignment. Please apply in strict confidence to:-

The President, Box No. AA/352/CG/1, **Business India,** 59, Regal Building, Connaught Circus, New Delhi-110 001.

GENERAL MANAGER – MARKETING

Location : SHARJAH-UAE

EMIRATES INDUSTRIAL & TRADING COMPANY LIMITED, comprised of wholly owned subsidiaries, operating divisions and associates in the United Arab Emirates and in the other Gulf States and engaged in the manufacturing, marketing and export of a variety of food articles such as Biscuits and Confectionery, Snack Food and Ice cream, Processed Meat and Dairy Products, Oils and Fats and of Plastic Compounds, Polymers and Products, have decided to centralise the marketing of the group's different products under one newly created position of GENERAL MANAGER, Marketing, for which applications are invited from suitable candidates.

The initial concentration of the position will be upon the present products of the Group and the primary focus will be upon the markets in the Middle East, but the Company plans to expand rapidly in terms of diversity of products and markets.

Candidates will ideally be aged between 35 to 45 years and will have a proven track record in marketing which should have led to their being in a senior management position entailing complete responsibilities for atleast 5 years. A good personality and excellent communication skills are essential requirements.

The benefits will be in line with those provided at senior levels in the Middle East.

Please apply in strict confidence within 10 days to:

The Executive Director
Emirates Industrial & Trading Co.Ltd.
Post Box No.4115, Sharjah, U.A.E.

Giving full details of age, qualifications, experience and salaries drawn alongwith a recent passport size photograph and contact telephone numbers. All applications and envelopes should be marked with the reference number 'GMM/EITCO'.

Siddharth Ads.

Lloyds Steel Industries Limited

Lloyds Steel Industries Ltd. is a leading multi-divisional Engineering Company, part of a reputed Business Group with rapidly expanding operations in diverse industries. The company executes large projects in the process industry and is involved in process design, engineering and manufacture of various process plants/equipment/ systems. Present turnover exceeds Rs. 60 crores. With a view to build on the strong presence it has in the core sector industry, Lloydsteel is now drawing up ambitious diversification plans to provide comprehensive services in respect of STEEL PLANTS and POWER GENERATION Industries. We are seeking seasoned professionals to head these two strategic business units which will be independent profit centres based at BOMBAY.

General Manager
Steel Plant Division

The Division will undertake turnkey assignments in respect of setting up steel plants from drawing board stage to commissioning. The incumbent will build the Division from scratch and nurture its growth. Marketing the services, scanning and tying up collaboration agreements and monitoring the ongoing operations will be the key functions. Suitable candidate will be a graduate engineer, preferably with post-graduate qualifications in management/ engineering. We are looking for a senior techno-commercial professional with in-depth exposure to and knowledge of steel industry. Sound technical base, flair for marketing and an ability to assume profit centre responsibilities are essential. Age group 40-50.

General Manager
Power Plant Division

This Division will cater to the Power requirements of diverse industries. This Division's activities would entail setting up captive power plants, both coal and gas based for various clients all over India. The responsibilities are similar to those outlined in the position 'G.M.Steel Plant Division.'

The company provides congenial work atmosphere and operational freedom. Salary and perquisites will compare favourably with industry standards.

Please write in complete confidence within 10 days to:-

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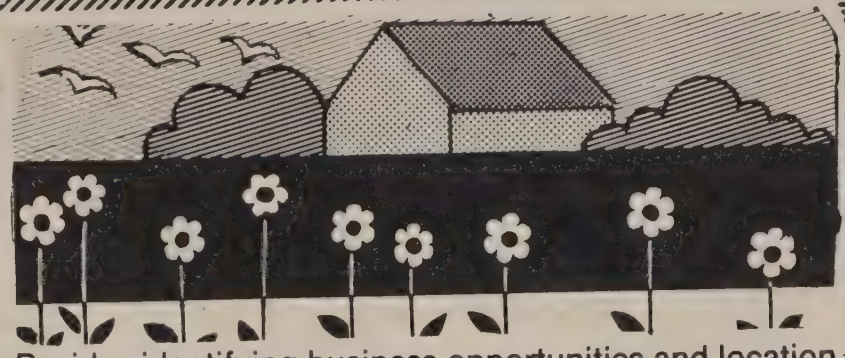
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f the coal in-
r 33 years, has
ver as chair-
al India Ltd.
ary was previ-
e CMD of Cen-
fields Ltd.





In office as the president of the Hindustan Construction Co.Ltd, **R. Partha Sarathy** will look after the day-to-day operations of the company. He was previously a transport consultant with a Washington firm.

marketing di-
woollen divi-
f Raymond
Mills Ltd,
, **P.B. Vaid**
ecomes vice-
t, marketing
ns. He has also
airman of the
d Woollen Ex-
motion Council.





Recently promoted as director, Lintas India Ltd., **Jayant Bakshi** will be in charge of Market Links, production services, Lin-TV, and Bombay II.

r, former exec-
irector, Ray-
Mills Ltd, with
5 years' experi-
the company,
become vice-
nt in charge of
ile operations
mond.





P.K. Dutt is now the managing director, Coates India Ltd. He takes over from S.K. Malkani, who retires after 25 years at Coates.

gati has joined
and Natural
ommission; he
ver as general
er (personnel
ministration) at
estern regional
arters and will
d at Baroda.





On deputation from the State Bank of India, **R.C. Mehta** isnow general manager, Dena Bank. His present assignment will include foreign exchange, credit monitoring, computerisation and banking operations.

w managing di-
of Times Guar-
nancials Ltd., is
ishnamoorthy;
will continue to
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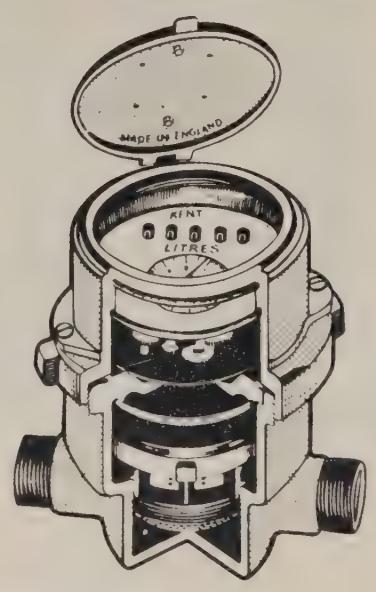




H.J. Bakshi has been appointed to the board of Choksi Tube Company Ltd as director (finance) & secretary. He was previously the general manager, (finance) & secretary.

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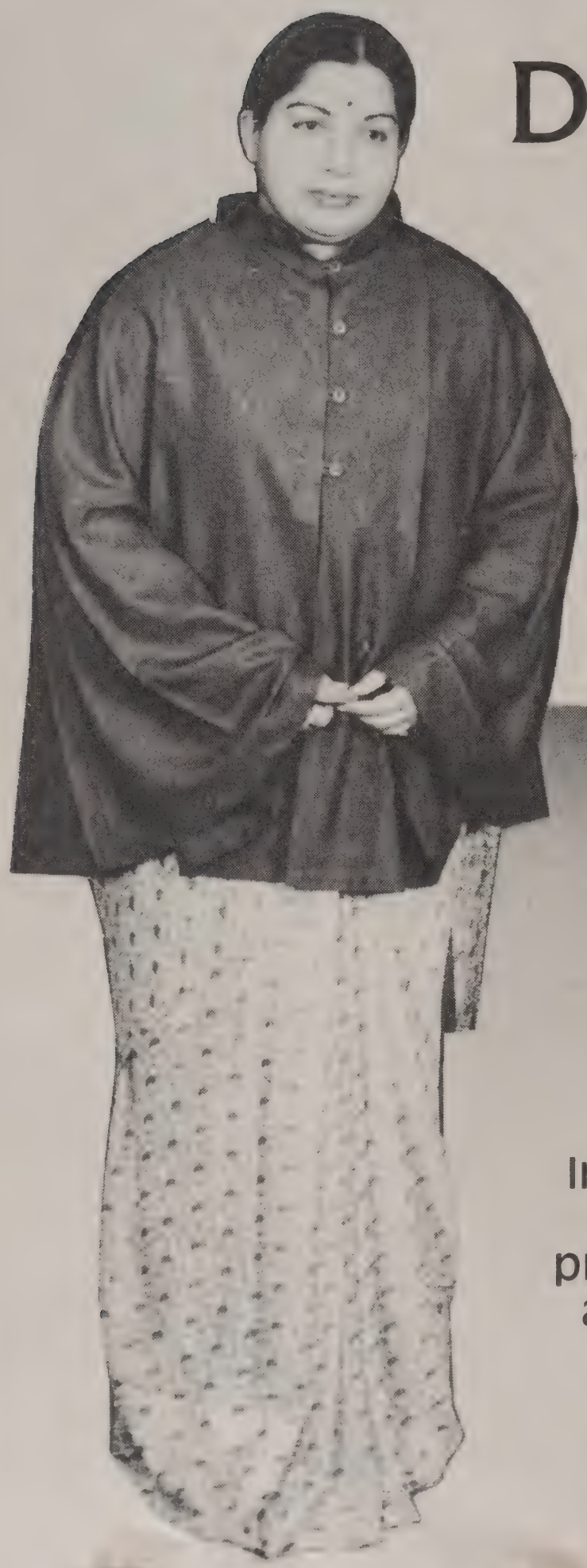
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rate of Industries and Commerce, s-5.

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Tamil Nadu Small Industries Development Corporation, Madras-16.

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s, please contact the Agency concerned with project details & participate in the faster industrialisation of Tamilnadu.

Secretary to Government, Industries Department,
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eds of the future



Prakash, *35, is director, biotechnology division, nerican Hybrid Seeds, Bangalore*

s has come early for the biotech of one of the country's most suc- roducers of flower and vegetable eeds. One of the ten foremost ial biotechnologists in the world e completed his doctoral studies University of Gorakhpur.

sh joined the Central Rice Re- nstitute, Cuttack, as scientist in 1979, he was awarded a senior fellowship by the Irish govern- e spent three years at the Univer- Dublin doing research and ed a tissue culture system for a of Irish varieties on a commercial

g the next four years, Prakash l biologist at Twyford Plant Lab- s, Somerset, then head of plant ivision and, later, deputy direc- arch. He also successfully ran a centre with a turnover of $2

s return to India in 1987, Prakash ne Madras-based plantation com- .V. Thomas, as director, research. akash, "The lab at AVT is as good nes in the UK." In 1989, he took of IAHS' biotechnology division. ed and executed by him, the lab ns to international standards. een April '90 and March '91, IAHS exported tissue culture plants worth Rs.1.43 crore while the total turnover of the biotechnology division amounted to Rs.2 crore. Prakash's success is remarkable since marketing is not his area of operation. He hopes to reach a turnover of Rs.3 crore during 1991-92, of which exports will be Rs.2.4 crore.

While Prakash has received overseas orders for breeding blue lilies, bananas, cutflowers and potflowers, certain Indian companies dealing in tissue culture have primarily concentrated on multiplication of plants or breeding of seeds. The IAHS biotechnology division has unique facilities such as breeding disease-free plants and certain completely new ones (such as banana with mango flavour)!

Undoubtedly, at IAHS, tissue culture is a growth area. Says Prakash, "The impact of biotechnology should be felt in the solving of basic problems of food, fibre, fuel and medicine. As agriculture scientists, our objective is to improve the inherent ability of the plants making them more productive, through a combination of conventional plant breeding and plant biotechnologies."

Prakash has achieved two of his three ambitions — developing three new varieties of plants at Dublin, virus-resistant potatoes, oil seed rape plant and Easter lilies, and, the publication of a book titled, *Pollen Cytology and Development,* from the Academy Press of the US (the top publisher of books on education and research in the world). His efforts are now directed at achieving something phenomenal, like, for instance, the Raman spectrum in science. And for a successful commercial biotechnologist this is certainly not a tall order.

■ DEVAPRASAD PUROKAYASTHA

FRONTRUNNERS



Job-hopping is not his cup of tea. **Akhilesh Bhargava**, 35, general manager of Bayer India's rubber chemical division, has worked with the company for 12 years, and made it to the top. With a B.Tech in chemistry from IIT, Kanpur followed by an M.Tech from IIT, Bombay, Bhargava joined Bayer as a management trainee in 1979. His first promotion came in 1982 when he was made production officer. In 1986 he went on to become deputy manager, in '87 production manager and last year he was promoted to the post of general manager.

With modernisation on the cards, Bhargava has to be on his toes. "You have to train your staff as the dialogue between machine and man must be perfected for any kind of modernisation to work," he says.

■ S.C.



"You have to trust people in this profession to be successful," says **Raman Madhok,** 32, general manager (personnel) of Cynamid India Ltd. An MS in chemistry, Madhok graduated from IIT, Delhi, in 1979. Later at XLRI, Jamshedpur, he bagged the gold medal. He then did a course at the Delhi-based Society for Training and Development while simultaneously working with Voltas. Since then he has worked with Taj Mahal Hotels in Delhi, Pfizer, and Parke Davis in Bombay before joining Cynamid. In every job Madhok had to negotiate a settlement with the union — a challenge he took in his stride as he saw it as an opportunity to learn faster.

After a hard day's work Madhok turns to his hobbies that among other things includes abstract painting. "In my job I have defined boundaries, abstract painting has none. That's why I paint abstracts," he says.

■ S.C.

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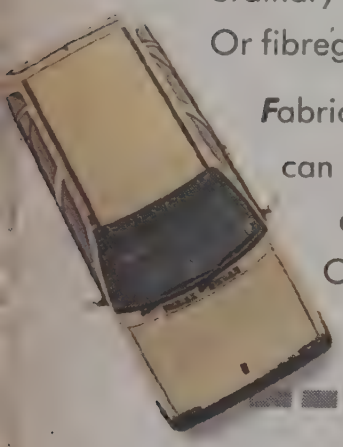
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apally, cradled among hillocks ndhra Pradesh's Chitoor dis- ell known for the Rishi Valley ounded by the philosopher- ist, Jiddu Krishnamurthi. Less the fact that much of the terra- pieces — from the five-foot tall urns and decorative pots to small ays — so favoured by the cities' ne from this sleepy hamlet, lo- ee hours away from Bangalore. fifties, there were 13 households in pottery in By the mid- , the number of families had to two. Over- g climatic odds mmer the fire- are cracks and the rains the too damp to be — lack of ransportation, indling market ely unimagina- ducts combined his art over the

point

ing point came mid-eighties, kram Parchure, tudent of the alley School, re- armed with a diploma from the al Institute of Design, abad, to teach at his old alma ma- et by the urge to revive Mad- y's dying art, Parchure started to the potters — injecting new troducing them to new materials, ing them to expand their reper- designs.

ival also meant teaching the pot- tain design basics. Vadalamudi na, who aided Parchure's training me, recalls that: "The traditional had to be taught the concept of ement. They tend to work intu- sing twigs, leaves or bark as crude ing instruments. But once the ts were mastered, there was no stopping them." Today the figures and objects made are more intricate, bolder, bigger, and often spectacular.

The process is fascinating. First, red clay is collected from tanks and lakes during summer. This is mixed with sand and water and pounded till it is soft and malleable like dough, and ready for shaping. Once the main figure, or object, is ready, it is stored in a shed — constructed with aid from the State Bank of India — and later baked in a large oven in batches. The



Child potters at work: but many are turning their backs

womenfolk add the delicate decorations. On some pieces they use the pointed edge of a damp cloth to draw leaves or geometric shapes. On others they add bells and trinkets.

In yuppy homes

One such is the figure of the mother goddess Ammavaru. Shaped like an upturned pot, these symbols of the cosmic womb were once bought only by village folk, who offered sacrifices to the goddess for protection against disease and natural calamities. They still do, but today, Ammavaru also graces the snazzy living rooms of metropolitan yuppy homes.

The market has taken to Madanapally's clay creations. Exhibitions which were organised at regular intervals in cities all over the country have been runaway successes. "Now we dispatch truckloads to Bangalore, Madras, Coimbatore and Hyderabad. We have even learnt to package properly to minimise damage during transit," explains Krishnappa, an old potter. As a result, a family engaged in this work can now earn upto Rs.3,000 a month.

The prices paid to the makers of these exquisite pieces range from Rs.20 for the smaller vessels and figurines to Rs.50 for the larger ones. But they are well aware of the eventual prices their products fetch. In upmarket city craft shops, these terracota pieces are priced at Rs.200 and upwards.

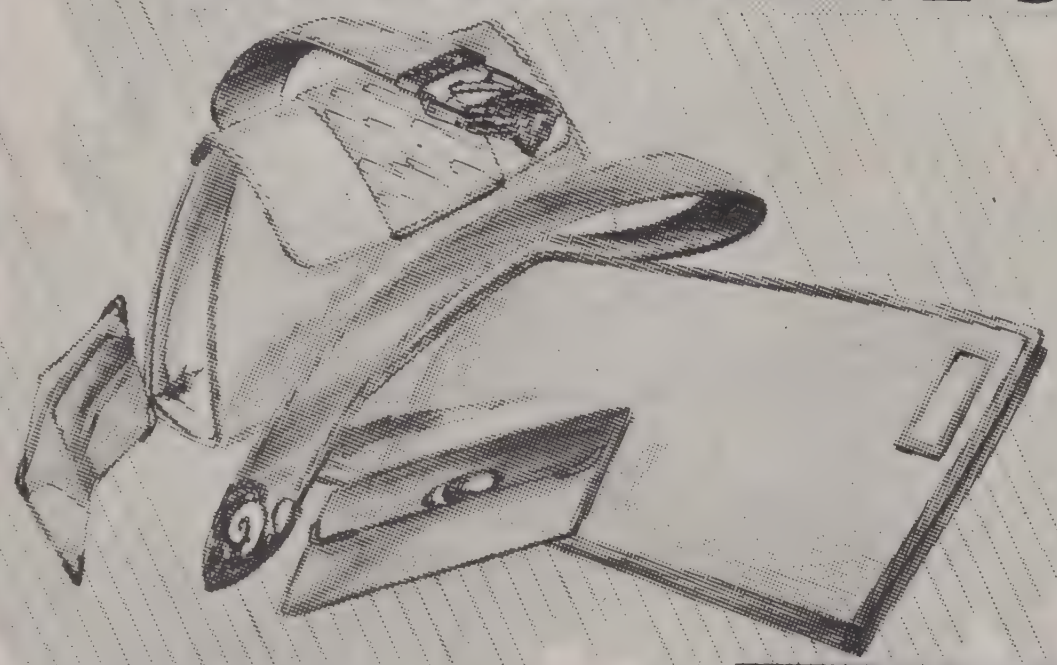
For the time being, the potters are quite contented with what they get. Their lot, they say, has visibly improved over the last five years, since Parchure extended a helping hand. Sadly though — and this is becoming a common refrain in most traditional Indian arts — their children are turning their backs on this craft. That prompted the government to introduce a scheme to encourage rural artisans. Apprentices now draw a monthly stipend of Rs.300 while they learn this traditional skill.

A jeep stops. It is an order for six mugs in diminishing sizes. Krishnappa, tall, sinewy and white haired, takes an inert lump of clay, places it on his wheel where it begins to acquire shape. A short while later, the mugs are ready in a perfect decreasing size, reminiscent of the Russian Babushka dolls which fit one into another. The tradition-bound potter of Madanapally has acquired the crucial quality which has lifted him out of the mire of a marginal existence: sensitivity to market needs.

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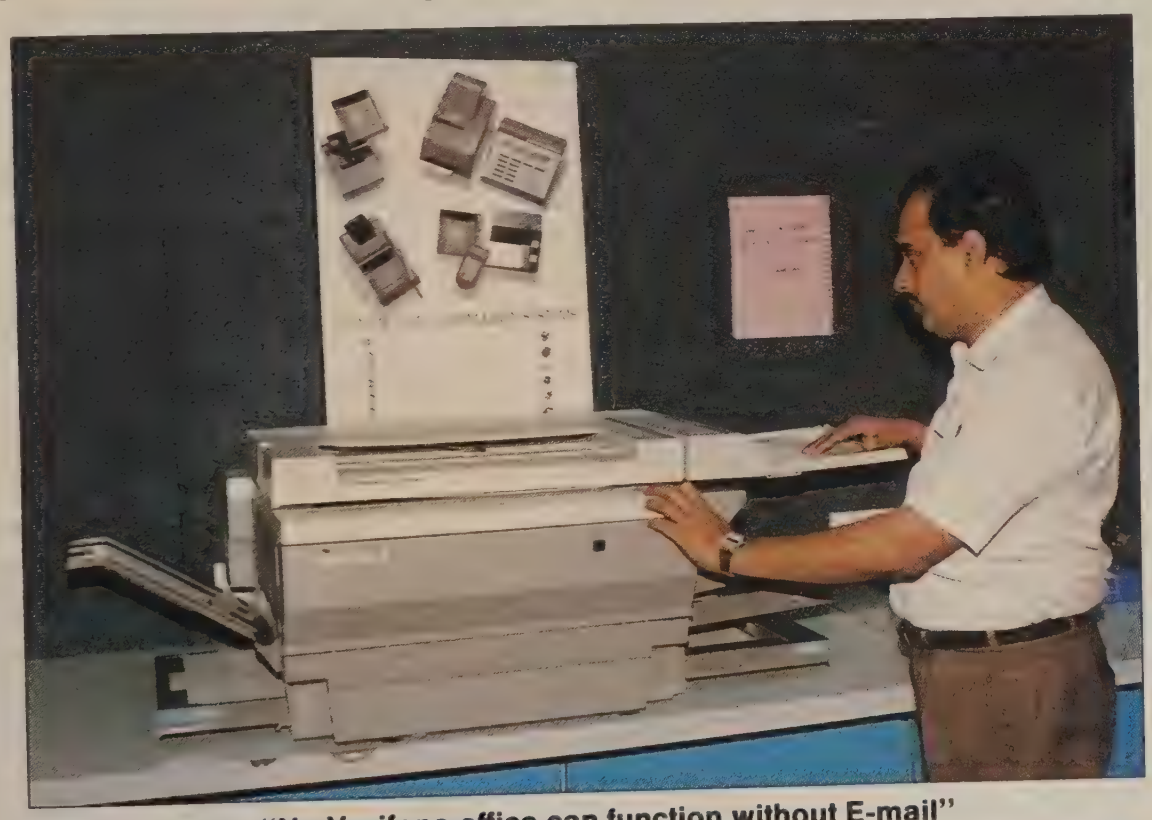
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d boys on the block

achines and PCs are beginning to edge Ramu out of his job

ian executive visiting abroad gets his first shock when the s him coffee and then gets up to imself. No bells are rung, nor s summoned; instead the man- s across to a coffee machine. In scarce situation, the errand boy me a luxury to be done without. es, peons have been an integral office culture in India. Even heir jobs are often trivial, they ays been considered indispens- ese fetch-and-carry men are a om the colonial era. For the d *babu*, the number of uni- rderlies has been a measure of rtance in the tional

times are g, albeit small yet sig- number of xecutives are g to do their chores — y in foreign nultinationals mputer com- An increas- automated high wage es and foreign rations are asons behind dual change in ulture. In the especially, ies are begin- operate with few, and sometimes , errand boys.



Ramakrishnan: "No Verifone office can function without E-mail"

all

ank, for one, had decided at the ts inception in 1982 that it would e them at all. "Being largely in- n off-shore dealings, we wanted level with international organisa- says executive director Tarjani With all modern electronic ameni- ke fax machines, PCs, and tea and machines — close at hand, Exim es say they do not miss peons. corporate headquarters in south y, multinational giant Hindustan td has just one peon - the mail man, who receives and distributes mail. Even for the essential afternoon cuppas, vending machines have replaced the *chaiwalla*. As a company spokesman explains it, "When the economics are worked out, hiring personnel for such trivial jobs is prohibitive." Today, companies end up paying between Rs.1,200 and Rs.2,000 even for new recruits. And that adds up for a large corporation like HLL too.

The do-it-yourself trend is catching on in Bangalore too. Digital Equipment India Ltd, for instance, is managing quite well without the services of peons. The company uses electronic mail for communication, within the country and abroad. Says managing director Mike Shah, "We are promoting the culture of self sufficiency, in keeping with our company culture worldwide." DEIL executives depend on the phone to talk to each other, on the fax for correspondence, and the courier for deliveries.

Verifone Software Systems, a subsidiary of Verifone USA, also in Bangalore, has dispensed with such low-rung employees too. "Today, no Verifone office can function without E-mail," says technical director V. Ramakrishnan. Each of the company's 50 employees are provided with PCs and telephones with ISD/STD facilities — at both office and home - to take care of their communication needs.

As a senior manager at a multinational says, "The initial investment to create a peonless office is very high. But in the long run, it works out cheaper. And machines don't give you labour problems."

"Not realistic"

Not everyone is convinced about such cost-cutting methods, or that they cut costs at all. Says a senior official at Credit Lyonnais Bank "It is not realistic to manage without these sub-staffers". While intra-office deliveries can be easily handled, crises come up when there are outdoor jobs, "like depositing that urgent cheque".

Those who are most unhappy with the trend are, obviously, the peons themselves, and their class IV employees' unions. For them, it is a simple equation: automation equals unemployment and, therefore, something to be opposed. Consequently, companies with strong unions are often stuck with what they term 'deadweight' employees. In any case, Indian labour laws are quite strict about retrenchment.

Most Indian executives though would rather have peons, often for sentimental reasons. As an official from BASF India at Bombay puts it, "Machines may be more efficient, but the personal touch is missing. Exchanging even superficial pleasantries or chatting with the *chaiwalla* makes the workday seem less regimented."

True. But Indian companies can no longer buck the trend. In an increasingly competitive environment — and with foreign companies knocking at our doors — the focus is going to shift to the lean-'n'-mean organisation. As cost-cutting and efficiency gain currency in the Indian corporate world, the one institution that is likely to fall prey first to the new order may well be good old Ramu.

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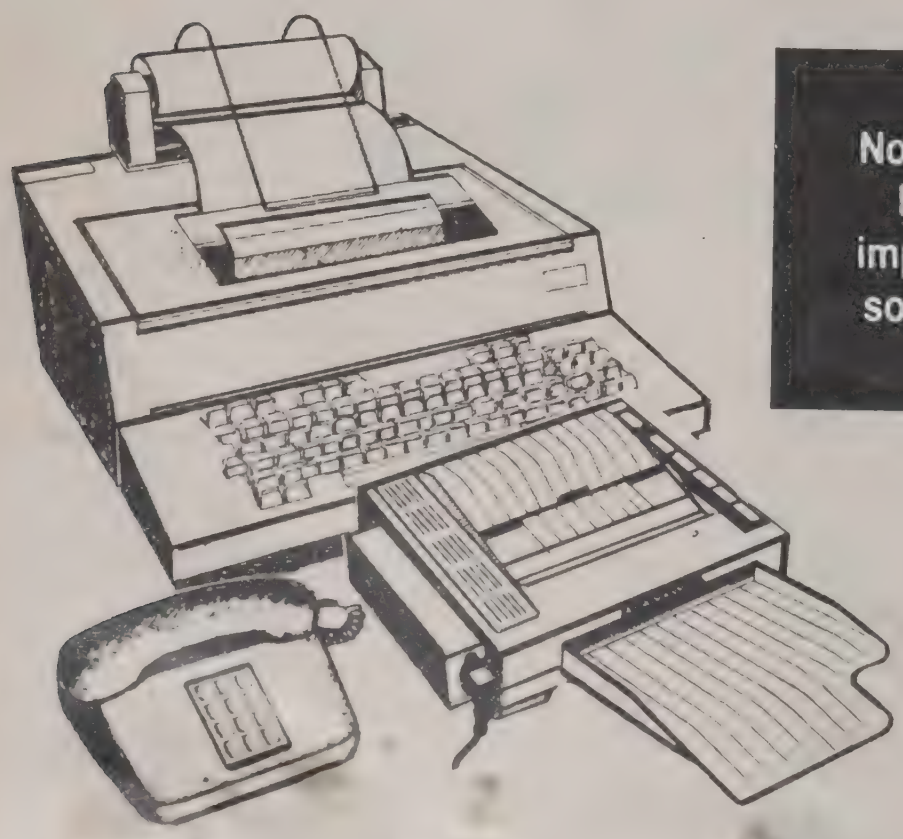
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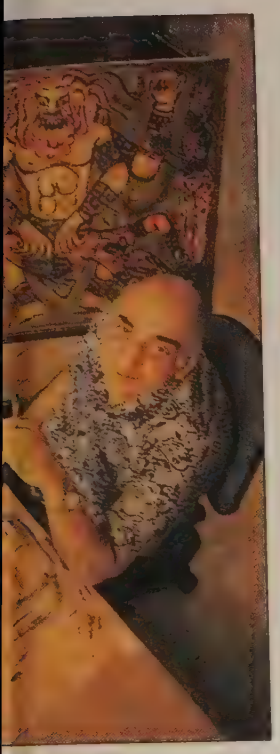
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no has held 35 one-
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be held this month. A long time motor sports enthusiast, he is the driving force behind the new Rs.3 crore race track at Sriperumbudur.

"Covering 250 acres, it is the only racing track in the subcontinent and its design has been approved by the two auto sports' world bodies," says Muthukrishnan, chairman of the Rs.11 crore UCAL Fuel Systems. "It has all the latest safety and rescue features and I hope it will eventually become a centre for world events." His other dream is to get more youngsters to the track and, therefore, a driving school is next on the agenda.



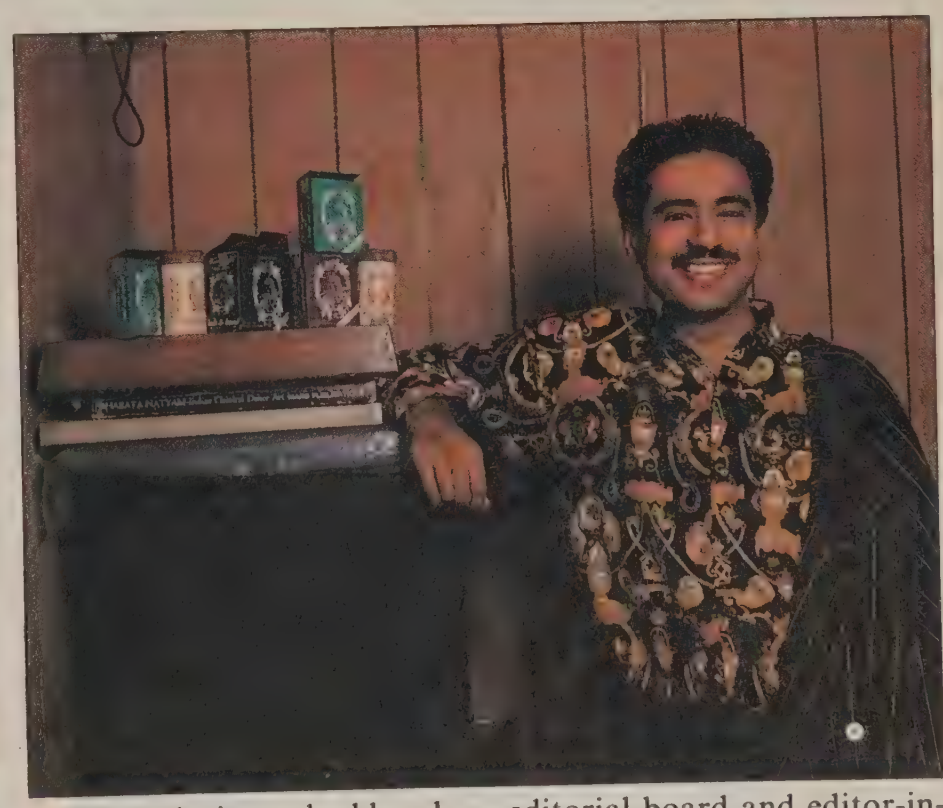
dent of the Madras
Sports Club, indus-
Muthukrishnan is
lved in preparations
India Grand Prix to

He has designed hotels, bungalows, commercial and residential complexes and is considered an authority on roller flour mills. But what architect **P.S. Nadkarni** is really proud of is a home for the aged in New Bombay. Also a centre for poor women and a paraplegics' home. All of which contributed to his winning this year's Vijayshree award from the International Friendship Society of India.

Old people's homes are not a new interest for Nadkarni — they were the subject of his thesis for an honours diploma from the Royal Institute of British Architecture, London. His Narmada Niketan has everything he could think of to keep its inmates pleasantly occupied — including an amusement park, a temple and a television room. The women's centre has been the subject of a study by an



Englishwoman doing a doctoral thesis and the government-run Lokmanya Tilak hospital in Bombay has asked him to design a paraplegics' home for it too.



It's like playing a double role. Between nine and five, he is the proprietor of the Bangalore-based Hansa Enterprises, manufacturing and exporting herbal cosmetics. But after sunset, 32-year-old **Mahesh Dattani** steps in front of the arc lights and dons the mantle of a playwright-director-actor. He has written four plays and the rights of one of them, *Twinkle Tara*, has recently been bought by Alyque Padamsee. The play is likely to be premiered next month.

Inspired by a story in a medical journal, the play is about a pair of Siamese twins. With theatre groups and playwrights mushrooming all over the place, how long can Dattani expect to be around? But he is confident. "The fact that Alyque is interested in my work indicates that my plays will survive," asserts the young theatre personality.

What was expected to be the biggest bash of the season turned out to be a wash-out. The occasion was the celebration of the tenth anniversary of *The Sunday Observer* last week. What amazed the invitees gathered at the Rooftop in Bombay's Oberoi Towers was the absence of the hosts. Dhirubhai Ambani and his two sons were nowhere around. Nor were R.K. Mishra and B.N. Uniyal, the chairman of the paper's editorial board and editor-in-chief respectively, who have been in the news recently for their attack on Nusli Wadia through their paper.

So it was left to *SO*'s editor **Chandan Mitra** to look after the guests — mostly drawn from the ad and publishing worlds. Not that he had much to do. According to one of the disappointed invitees, "Nothing exciting happened. People gulped down their drinks quickly and quietly went home. Nobody had to be carried out drunk!"

A need to diversify

Will the Jute Corporation of India close down?
No. At present there is no such move. In fact, it is not even realistic to think of such a situation. The JCI no doubt, needs some restructuring but it has rendered signal service and cannot be dispensed with.

What kind of restructuring are you talking about?
The JCI was set up to procure raw jute for the six National Jute Manufacturing Corporation (NJMC) mills. However, procurement is limited to, say, a maximum of Rs.150 above the minimum support price. At prices higher than this, the JCI has only a small role to play.

For instance, in the last couple of years, jute prices have been good. It has not been necessary for the JCI to operate. But, when a bad year comes along it will be the JCI and not the private traders that will keep the poor cultivators alive. It will thus be naive to discard the social benefits.

What needs to be done is that this large organisation be put to other uses in order to strengthen its bottomline during off-season periods. Jute procurement is seasonal, a couple of months in a year. With such a limited season the jute trade cannot be remunerative for the JCI. It has to diversify into other activities that will help pay for the huge overheads incurred in maintaining a presence in every rural village or town market.

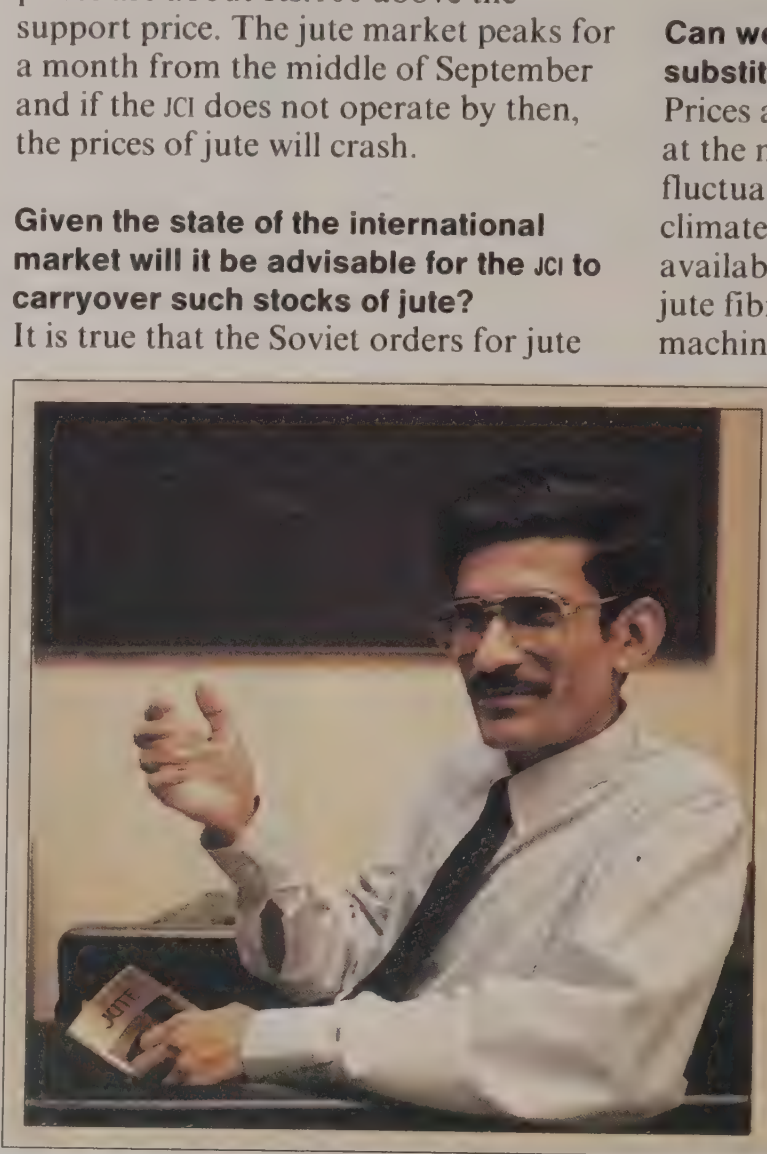
Given its current insolvency, can it afford to diversify?
The problem is that of political will. We have Rs.10 crore worth of jute locked up by CITU workers in NJMC's Nuddea Jute Mill. We have been talking to the state government with no positive results, to release this stock so that the JCI can reopen its credit line with the State Bank of India. There is a Rs.14 crore overdraft without covering which the JCI will not be able to operate in the market this year. This will depress the prices for this jute season.

What is the position of jute procurement this year?
According to our estimates, 9 million bales will be in the market this year. Of this, 8.4 million bales will be used by the large industry and another 400,000 by the cottage industry. There are already carryover stocks of 1.8 million bales from the last season. At the moment, prices are about Rs.100 above the support price. The jute market peaks for a month from the middle of September and if the JCI does not operate by then, the prices of jute will crash.

Given the state of the international market will it be advisable for the JCI to carryover such stocks of jute?
It is true that the Soviet orders for jute have run into problems. Of the 30,000 tonnes of hessian, only 10,000 tonnes have been shipped. Part of the stock has been shipped to other countries. But luckily this year Indian prices for sacking and hessian have been competing with those of Bangladesh, and, our sales in western Europe has also risen. The market for jute is growing at the rate of 30 to 40 per cent annually, as the use of certain other fibres are considered environmentally unsafe. So, on the whole, this year's carryover position will be around 2 million bales if the JCI can repay the State Bank of India and buy jute this year. And, also if the budgetary support of Rs.10 crore comes along.

Are exports rising in real terms?
Exports last year were Rs.300 crore, this year we expect it to touch R
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already. Besides this there is
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touch 10.5 million bales by

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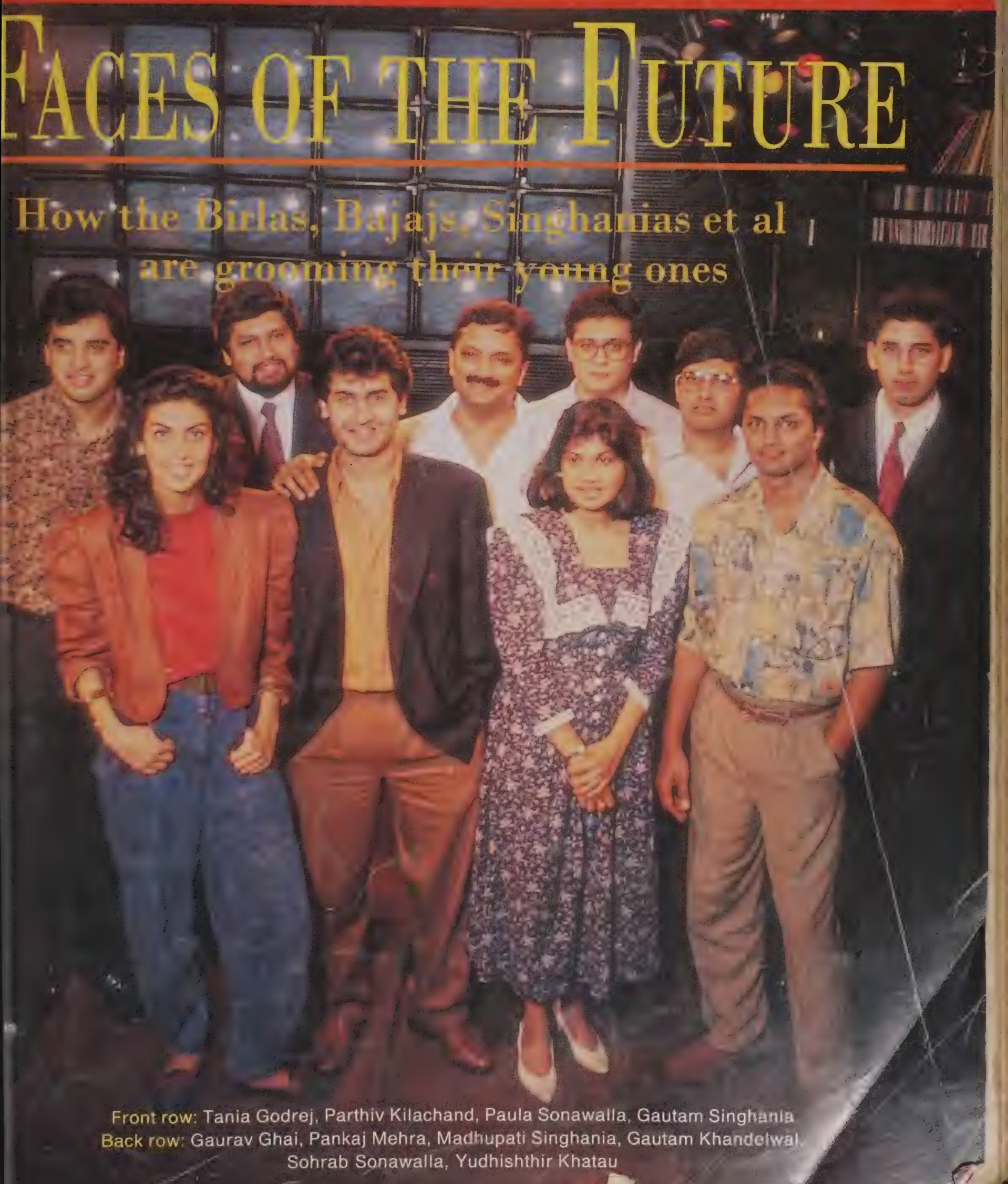
Business India

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FACES OF THE FUTURE

How the Birlas, Bajajs, Singhanias et al are grooming their young ones



Front row: Tania Godrej, Parthiv Kilachand, Paula Sonawalla, Gautam Singhania
Back row: Gaurav Ghai, Pankaj Mehra, Madhupati Singhania, Gautam Khandelwal, Sohrab Sonawalla, Yudhishthir Khatau

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From the Publisher

In a country with so many young people (more than 50 per cent of our population is below 25), it is surprising that the decision-making is dominated by the old. There is an enormous deference to age and few young people get any real opportunity to take decisions, not even unimportant ones. A few lucky ones, by virtue of their being the children of their parents, get catapulted into the higher reaches of the corporate world. But no matter how they get there, the fact is that the young have an appeal of their own. And it is indeed nice to see so many young people, many of whom will inherit vast fortunes, throw themselves so completely into their work.

In our cover story, we decided to take a quick look at some of the people who, in the years to come, will also become household names. Obviously, our list is not exhaustive. Some people were not available, with some we missed appointments and, quite frankly, there are so many kids in different parts of the country who deserved to be mentioned but just could not be fitted in for reasons of space. No doubt more names will keep surfacing in *Business India* and other media from time to time.

But what is important is not just the names and faces. It is equally important to look at the social attitudes and values of the future generation of industrialists. What are their attitudes to competition, both domestic and international, to labour and unions and other important issues? Do they have a different attitude from their parents to generating black money and to social obligations? Do they have a life beyond business and making money? While many of them may not have even thought of these issues, sooner or later, because of the positions they will occupy, they will have to think these issues through.

The only sad thing is that unfortunately in India no young person can make it really big without having a fortune to start with. We just cannot produce a Bill Gates (he founded Microsoft which owns the rights to MS-DOS, the standard operating system on all PCs) who was a billionaire before 30. While he is obviously an exception even in the US, we do not have anywhere near the same number of entrepreneurial start-ups which allow young people with new ideas or better ways of doing things to grow rapidly. It is not that our kids are not as smart as kids elsewhere: it is just that our corporate and tax laws are such that it is only those with inheritances who are favoured. So much for our constant preaching of socialist cant for the last 40 years!

It is for these reasons that we do not have any real venture capital business in the country. It is for these reasons that we do not have hi-tech start-ups. And it is for these reasons that many of our young people only dream of jobs or businesses overseas.

Ashok H. Advani

Business India



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Faces of the future

A new generation of tycoons are being groomed to take over the reins of their fathers' businesses — most of them, unlike their fathers, highly educated and now being put through the paces in preparation for their upcoming roles as the royalty of Indian business





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The motorcycle joint venture between the Indian two-wheeler giant and BMW can become a trendsetter for further German investment in India

DMC ALLOYS
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The steel giant extends its interest into charge chrome manufacture



MANDOVI PELLETS
The kiss of life
Thanks to Essar Gujarat, this long dormant producer of iron pellets is on the road to revival

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Letters to the Editor



An eyewash?

Your article on the RIL-RPL merger (Cover Feature, 19 August) covers all adverse features and weaknesses inherent in the RPL project and the financial games Ambani proposes to play and, yet, leads lay readers to believe nothing much is wrong with RPL and that Ambani has not lost his gloss in its entirety, but only in patches.

RPL promised heavens, declared a maiden dividend but failed miserably in converting "debentures at high premiums and strengthening a weak financial base". It will not be in a position to generate a sufficient cash surplus, even as a division of RIL.

N. NAGARAJAN
Vallabh Vidya Nagar (Anand)

Interesting

The report on Shirke group made interesting reading (Enterprise, 19 August). Shirke's had gone through tough times but eventually achieved a group turnover of Rs.100 crore.

RAKESH SINGH
Bombay

More confidence

It was heartening to note that the Indo-German Chamber of Commerce has gone beyond trade and collaborations and has introduced a dual training programme in India (Business Notes, 5 August).

This programme will inject more confidence in the young. Our education system only stresses the theoretical aspects. Faced with practical problems, our managers invariably depend on 'what was done last time'.

HEMANT SRIVASTAVA
Pune

Waiting for a masterstroke

I am happy to note that 'A near impossible task' (Editorial, 8 July) refers to some of the plus points of the erstwhile DMK government. The 'noon meal scheme' hailed as MGR's masterstroke was, in fact, introduced in the sixties by Kamaraj. But, later, he was forced to scrap all non-productive expenditure in a bid to take the state industrially forward.

If Ms Jayalalitha is serious about putting Tamil Nadu back on the industrial map, she will have to scrap this scheme as the state's financial status is already bad.

P.R. THIRUVENGADAM
Coimbatore

Well begun

This has reference to the article 'Lupin's rural formula' (Development, 8 July). D.B. Gupta has rightly pointed out that other industrial houses should also take up programmes for rural upliftment in India like the ones which Gupta has initiated.

KAPIL MEHROTRA
Kanpur

Misleading

Apropos the article on Parke Davis, 'Life after merger' (Corporate Report, 8 July), the statement, "Compared to Bombay workers, the Uppal workforce puts in longer hours and accepts lower wages and are easier to negotiate" is far from the truth. The workers here are young and their per capita productivity is high compared to that of Bombay workers whose average age is 45.

The union at the Hyderabad plant has proved that the products manufactured here contribute tremendously towards profits of the company, but still the wage bill is stacked against them. Only the obsolete and illogical industrial relations policy pursued by the company can be blamed for that.

V. GURUMOORTHY
Hyderabad

Star-rating undeserved

'A near impossible task' (8 July), is perhaps one of the most reckless editorials I have ever read. I would like to emphasise that I am not a sympathiser of any party in any state or in the Centre. None of them deserve it anyway. Yet I don't think the DMK administration was admirable at any time, as made out in your magazine.

G. SIVASUBRAMANIAM
Coimbatore

Surprising

With reference to the news item which appeared in 'Corporate Monitor — In Brief' (24 June), the statement "the company has set up a joint sector project in collaboration with the Punjab State Industrial Development Corporation to manufacture 4,500 tpa of acetic acid", is wrong because the company has not entered into any such collaboration.

V.K. MATHUR
Company Secretary, IOCL
Bombay

One-sided

Your Cover Feature (24 June) and and the Editorial (8 July) contain the same theme — what is good for big business is good for India. The only notable exception is Sudhir Mulji's 'Gold and convertibility'. The Fund-Bank prescription which Manmohan Singh has administered to save the necks of his political colleagues is almost an act of faith. object to a magazine standing presenting ently one-sided picture

A.M. DAR
Bombay

Outstanding

Animal Farm (Specia ture,10 June) which app in your magazine was a standing art feature.

R. GHAI
Hyderabad

Not true

I wish to submit that I w formed by your corre dent that the purpose interview (Feature, 10 was to cover the living working experience of and their integration int system upon their retur

It is not true that I qui because the bank wa cused of laundering money and its reputatio in a shambles as repo The reasons for my qu are of no interest to readers. Besides, this m was not discussed at all.

VIJAY VITTAL
Bangalore

Errata

In the write-up on Ala Foundation (Enterpris August):

a) The area delivere date by Alacrity should been shown as 700,000 and not 2 million mentioned

b) The total constru area up to 1986 should read as 1,86,490 sq ft an as 18.649 sq ft

► In the article 'Lu rural formula' (Deve ment, 8 July), it was said the cost of a four km pip was erroneously give Rs.6 crore. It should read Rs.6 lakh

► In the news item on M vir Spinning Mills (Co rate Monitor — Trends July), the figures given u the heading 'March 199 tually pertain to March

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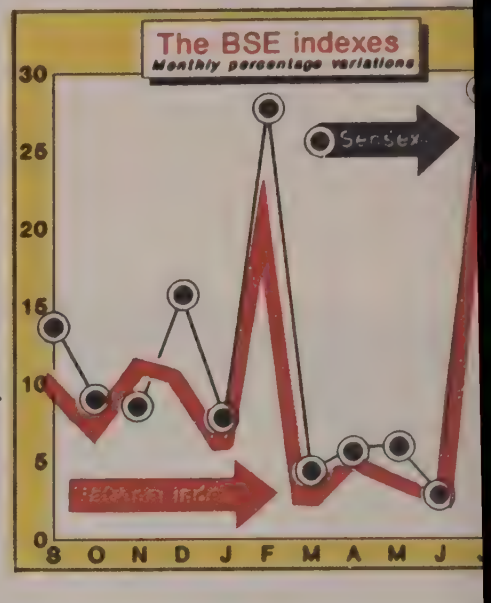
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Continue forward trades



The recommendation of the government-sponsored report by L.C.Gupta to ban forward trading from Indian stock exchanges and replace it with a "mark to the market" system of daily settlement shows a lack of understanding of the real problem of the Indian stock exchanges — the lack of liquidity. It also reflects a confused understanding of forward trading, which is merely trading on borrowed funds or shares. There is no difference between daily settlement and fortnightly settlement when brokers are willing to finance clients' settlement differences in both cases.

The report objects to forward trading because it believes that it adds to price volatility and assists insider trading. Both these views are wrong. By definition, a speculator is one who takes a forward position, ie, he does not pay for shares purchased nor gives delivery of shares sold, but merely pays the price difference on his position. Since this may encourage him to take risks that he is not in a position to bear, there could also be large defaults.

The fact is that despite a very volatile economy through the second half of 1990-91, which caused the BSE to lose over Rs.40,000 crore (about 40 per cent) in market value in four months, there was only a single case of default. On the other hand, six brokerage houses on the NYSE folded up after the 30 per cent fall in market values after August 1987. This suggests that the BSE's system to avoid defaults — wherein all brokers club together to share losses — is a robust one that has stood the test of time.

The evidence supports the view that speculative shares are not particularly volatile. While the average monthly price variation in the speculator-sensitive BSE Sensitive Index over the past 12 months was 11.6 per cent, that of the broader based National Index was only marginally lower at 10.2 per cent (*see chart*).

As for insider trading, this will continue regardless of whether forward trading is allowed or not. Controlling insider trades can only be done with an adequately empowered Securities and Exchange Board.

The plus side of forward trading is that it has the advantage of providing liquidity and information to the market and, thereby, actually smoothen price movements of shares.

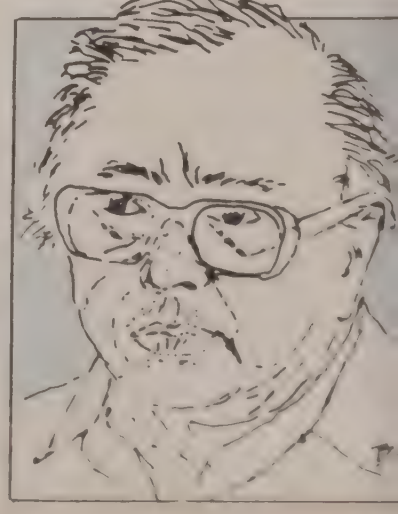
The critical issue, neglected by the proposal, for sto market development is, in fact, liquidity. If any invest no matter how small, can freely buy and sell reasona quantities of most shares at small spreads, a large part the problem is solved. Liquidity can and should be i proved by providing brokers with better communicati facilities and helping the spread of broker networks. course, it should be recognised that this will not by its ensure liquidity if companies perform poorly and floati stock is low.

In sum, while the proposals ought to look at creati solutions, such as putting all shares up for forward tra ing and introducing new forms of derivative securities, suggests moving in the opposite direction of reduci trading opportunities.

There is, finally, the additional objection that just at t time that the government ought to be speeding up legisl tion to empower SEBI to allow it to deal with the vario issues, various *ad hoc* bodies have been empowered f the purpose. For example, there are three separate pane to deal with setting up mutual funds, new stock exchang and new kinds of securities. These issues are linked and makes little sense for these panels to work outside t aegis of SEBI, which is the appropriate body to promote comprehensive framework of self-regulation.

All that this report amounts to is the promotion of a increased level of external regulation — a contradiction the well-established logic of letting markets work wi minimal regulations that ensure a level playing fie for all.

Merely descriptive



One wonders what the Finance Minister will think of the RBI Annual Report 1990-91 when it reaches his desk. Released last fortnight, the report reads as if the country's central bank has merely fulfilled an obligation. It contains no more

n a matter-of-fact account of the current economic sit-ion, interspersed with explanatory bits for the actions as taken to correct the economy's aberrations. Instead providing a sense of direction to the government or n an intelligent analysis of possible strategies, it merely tes the concerns and policies of its master, the govern-nt of India. One does not need Mr. Venkitaramanan to form this service.

One expected much more from the Reserve Bank. For tance, the document provides no clue to the alarming te of the banking system and the direction that the fi-ncial sector is likely to take in the next couple of years. r does it prescribe any long-term solutions for the ills t the country has been facing on the economic and bal-ce of payments fronts for years now. Also, it having n proved beyond doubt that too much control does t work, the report ought to have discussed the role that rket forces can play.

The report's dismal picture of the economy, especially commercial sector, does not suggest that it is the RBI's n restrictive credit policies over the past two seasons t have led to this stagflation. The RBI may plead help-sness over what it has done to the industry and may ntinue to blame everything on the government's ris-budgetary and fiscal deficits and on external factors. t, the central bank has done very little to explore other ans to control inflation.

Again, on a long-term basis, the RBI has suggested no asures to prevent a recurrence of the foreign exchange d credit crises. Is it not the bank's responsibility to tell e government how to manage the economy if the gov-nment cannot do so on its own? If economic growth der a liberalised regime is the only long-term solution, y not tell it like it is?

Given the resource crunch in the banking system, there are indications that the cash credit (short-term borrowings) on which the corporate sector is heavily dependent will soon be axed. Should not the report give a warning signal of this to the corporate sector in advance?

A major area inadequately tackled is the returns to the average depositor. The RBI considers the raising of the interest on 3-year term deposits by one percentage point a few months ago as being at a "historically high level". But almost any other savings avenue, from equity to National Savings Certificates and the National Savings Scheme, not only gives the depositor at least an equally attractive rate of return but also offers special tax concessions.

The decline in the growth of bank deposits over the past two years is a pointer to their uncompetitiveness. It is extremely unfair to both depositors and banks to keep the deposit rates so abysmally low, and yet, the RBI suggests no steps to bring in a fair deal for both. Of the menu of savings opportunities, bank deposits are a poor choice. While the report poses the right question relating to the banks' competitiveness, it says nothing beyond that.

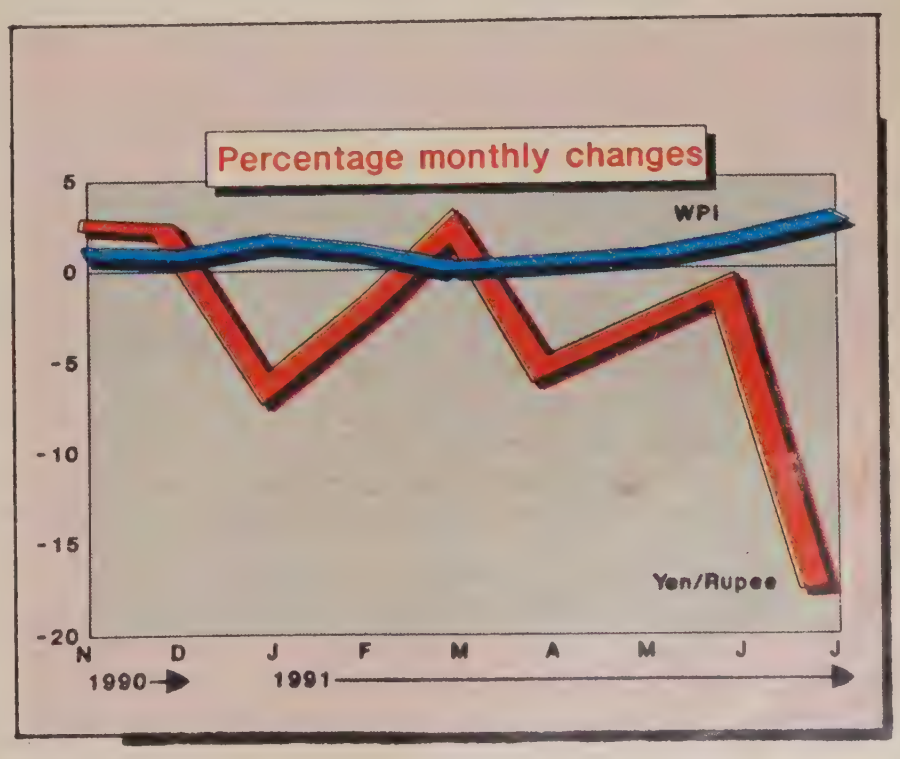
It rightly warns against rising fiscal and budgetary deficits. But there is nothing new here; over the past year, the government has been talking about monetary targeting. The report's warnings are too general, merely a meek series of ifs. The government, the culprit, remains unbooked and unpunished. The RBI's subservience to its masters in New Delhi stems directly from the bureaucrats at its helm.

The RBI has also missed the opportunity to indicate the direction that the financial sector will take in view of the World Bank-sponsored liberalisations. While the desirability of reforms is unquestionable, the pace is debatable. The RBI could have utilised this forum to spark a much desired and healthy debate on the state of the economy. It has preferred to stop at description, where it should have prescribed.

A word of caution

"he statement that further devaluation might be neces-sary, which made its round in the dailies, was subse-ently denied. And even if the minister of state for ance Shantaram Potdukhe did make it, it was a slip. t then, truth often comes unbidden.

After the sharp devaluation in early July, there was a mmitment from the finance minister that there would no further realignment of the exchange rates for some ne. Yet the real apprehension of a further devaluation ems from inflationary expectations reducing compet-veness on the one hand, and the possibility of competi-



tive devaluations in the subcontinent emerging as a trade strategy on the other. Already, Pakistan and Bangladesh have devalued their currencies to match the Indian action.

The essence of the devaluation of the rupee against other major currencies was to help Indian exports regain international price competitiveness. Here, what was important was not the nominal exchange rate but the real exchange rate or the nominal rate adjusted for inflation, both within the country and abroad. Between October 1990 and June 1991, there had been an appreciation in the real exchange rates despite a continued nominal depreciation, a result of the widening differential in inflation rates between India and other countries. The realignment of exchange rates by the Reserve Bank did much to rectify this anomaly. Yet much of this could be undone if inflation continues to grow faster in India than it does abroad.

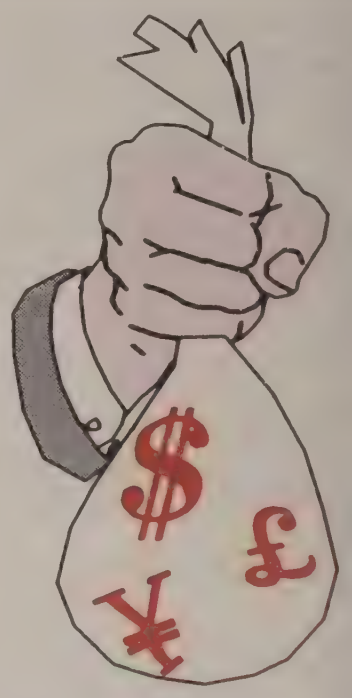
The main task before the government, therefore, is to check inflation. This inflation has its roots in historic factors, like the budget deficit which has reduced the scope for monetary intervention to control inflation. With devaluation resulting in the higher cost of imports, cost-push pressures have accentuated. It is premature, at this stage, to ascertain which of the two is more to blame for the current surge in prices. Here, the fact that the monsoon was better than normal could help stabilise the prices of food grains if availability increases in the long run in spite of the recent spurt in food prices. The government has also made a commitment to reduce the fiscal deficit from 8.5 per cent to 6.5 per cent, which if it succe would help correct a major macro-economic imbala which has spurred inflation.

The government will be handicapped by its attempt reduce the average rate of custom duties, a major sou of government revenues in the past. But it would be fected even more so, if it is unable to cut its c expenditure.

An even more serious challenge is the inflationary pectations which have been unleashed primarily by government's own actions. The increase in petrol pr and railway freight set a certain psychological tone, t gering inflationary expectations. The message they se out to manufacturers is clear: if the government can crease prices so can we. Given the paucity of alternati the Indian consumer has no option but to buy even higher prices .

With this scenario, prospects for curbing inflation r largely on the government's ability to create a new e nomic climate. It needs to cut its own expenditures, even more, it needs to put in all efforts to boost prod tion, in both private and public sectors. For it is in a m sive increase in supply that the real hope for controlli inflation lies. If inflation continues to spurt, the wh purpose of the exercise could be defeated, destroying t

Treating NRIs differently



The Romans have a saying: *pecunia non odet* — money has no odour. For India, all foreign funds are becoming welcome. However, the really special deals are given to non-resident Indians via non-resident foreign currency accounts (FCNR) that return up to 13.25 per cent in foreign currency.

No element of sacrifice was expected of NRIs and none was required; on the contrary, a relatively high rate has been given to induce deposits in FCNR accounts. The rate of return on FCNR accounts exceeds by about 2 per cent that available in banks abroad. Given this difference, a proportion of FCNR money is even arbitrage money borrowed by NRIs at lower rates and re-invested in FCNR accounts.

The question is why NRIs alone should receive the benefit. Why not allow resident Indians who earn dollars through their exports to have the option of delaying repatriation in order to earn these high rates of return? Why not allow ordinary Indians to buy Exim scrips and do the same thing? And most of all, why only Indians? If foreign exchange is what is required, why not give the same deal to everyone the world over? It can only help to increase the pool of funds available at a time when India needs these funds desperately. Parti ularly, since we are the greatest preachers of equality.

Of course, deposits by other foreigners would add the country's total of debt whereas NRI deposits a treated outside the debt burden. But this is a farce th need be discontinued at the earliest. What matters in de is the servicing of it and even FCNR funds need to be se viced (at a high cost, as it happens). *Pecunia forant non odet.*

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Signs of the times



So what if Lenin is in disgrace in his homeland; in Calcutta he is still revered — with cops ensuring that no one gets any ideas to the contrary.

Suite dream

Hotels, the magazine for the hospitality industry, in a recent survey of the world's most luxurious suites, in seven world class cities and two resort locations, has determined that the Galactic Fantasy suite at the Crystal Palace Resort and Casino in the Bahamas is the most expensive — it costs $25,000 a night. Gulp.

But charging a rate and receiving it are two different matters. The suite is often not booked — it is occupied by visiting celebrities or the casino's high rollers on a complimentary basis.

Guests in the ultra modern suite find a female robot servant named Ursula who explains all the suite's high-tech toys. The toys include a changing eight feet high wall of abstract art, a lucite piano that produces images as well as music, a rotating sofa and bed and a thunder and lightning storm created by light and sound effects. A sensoring device the guest carries opens doors, while body heat activates pulsating light columns.

Woman power

A record 77 women out of 200 members of Parliament were elected to the new Finish Parliament in the spring 1991 general election. Women now make up 38.5 per cent of the newly elected members which is the highest percentage in the world. Also, seven of the 17 ministers in the new cabinet are women which in itself is also a world record.

Rigged race

A short while ago, a multinational giant celebrated its annual sports day in Delhi for which a board director had specially flown in from Bombay. At the start of the fun and games, the director urged all participants to be unmindful of the end result and play in the true spirit of the game.

The event of the day was the senior managers' 100 meter dash, for which everyone lined up — the director himself, the local general manager, the marketing manager, a divisional sales manag Leading the race was t GM, who was cheered lustily by his colleague About 20 yards short o finishing line a peculia thing happened. The G suddenly slowed, the marketing manager sto in his tracks and the divisional manager not stopped, but took two s backward. Thus the rac ended in perfect hierarc order, with the director breasting the tape first, followed by the others.

Footwork



Recently, Bata India was approached by the Ramakrishna Mission Math, Belur, for advice on the preservation of footwear more than a century old. These are no ordinary shoes. They were once worn by Swami Vivekananda and Sri Ramakrishna and his disciples. Bata's representatives spent a few days at Belur Math where they restored the shoes and advised the authorities on their prop upkeep.

untain medley



hills were alive with the
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month as 50,000 people
erged to watch the
guration of the world's
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asteries were there, and
as their queen sitting
otrusively among her
ple. And as brightly
ured bits of paper were
wn into the sky, the
en watched, wearing colourful turquoise-laden perags on their heads and sneakers beneath their traditional gowns, and the monks went clickety-click with their Nikons.

The President of India, who was in Leh at that point, did not come despite newspaper reports later to the contrary. "The sanctity of the stupa would not have been increased in his presence," said an acerbic official of the Ladakh Buddhist Association, which is fighting, among other things, for freedom from Kashmir. "But," he added, "it would have been a good token gesture towards the people of Ladakh."

Opening up

The Brandenburg Gate, the historical symbol of divided and now united Germany, was 200 years old this August. An open air music symphony held in the outskirts of Berlin marked the bicentenary celebrations of this monument that was established in 1791 as a customs counting house for Prussian officers. Berlin's population then was 150,000 and its wealthier citizens were allowed to drive through the Gate's central arch.

The heavy iron gates were damaged during a storm in 1804 and now no longer exist. Now the Germans are debating over whether the arch should be opened to traffic. Until now it has been used for state ceremonies and parades.

Junk bond

German car makers have recently agreed to take back junked cars from their customers. Thus, instead of landing up on the scrap heap, an old car will be recycled using environment friendly methods by the original manufacturer. Owners turning in their cars will be paid a scrap value that will depend on the car's condition. The German federal environment ministry is likely to issue a regulation that makes recycling binding on manufacturers.

Big arrangers

A list of the largest arrangers of commercial finance since January 1990 for India is dominated by French and Japanese banks. Since last year, Japanese banks have channeled close to $925 million of commercial finance into India. The second largest contributors are the French banks who arranged credits totalling $32 million. Significantly, the aggressive and high-profile Citibank figures nowhere on the list.

	Bank	Amt $ million	No.	% Share
1	ANZ-GRINDLAYS	500.00	6	24.10
2	INDUSTRIAL BANK OF JAPAN	327.19	4	15.77
3	BANQUE PARIBAS	315.83	1	15.23
	BANQUE NATIONALE DE PARIS	315.83	1	15.23
5	SANWA BANK	279.20	5	13.46
6	BANK OF TOKYO LTD	218.57	3	10.54
7	INSTITUTO BANCARIO SAN PAULO DI TORINO	150.00	2	7.23
8	STATE BANK OF INDIA	118.86	3	5.73
9	BARCLAYS BANK	116.72	3	5.63
10	NIPPON CREDIT BANK LTD	100.00	2	4.82
	LTCB	100.00	2	4.82
	SWISS BANK CORP	100.00	2	4.82
	BANKERS TRUST COMPANY	100.00	2	4.82
	INTERNATIONAL FINANCE CORP	100.00	2	4.82
15	MANUFACTURERS HANOVER	100.00	1	4.82

Source: Euromoney

Buckling in

Indications are that the Bombay stock exchange is going to buckle to government pressure and accept new members. The exchange now seems willing to accept 100 new members, including institutional ones. The price of each membership is likely to be less than the presently quoted price of Rs.55 lakh. However, there is a premium of approximately Rs.25 lakh which is collected unofficially.

In a related development, all 1,200 application forms for dealerships on the OTC exchange were snapped up and there were demands for even more. Interviews for the dealerships are going to take place at the end of this month. Speculation is rife about the possible price of the dealerships and the expected price is likely to be around Rs.25 lakh.

Devaluationary boost

Grasim Industries has decided to revive its earlier plan of setting up a 100 per cent EOU for viscose staple fibre (VSF). While earlier the proposal held very little



Viscose: back in the running

appeal, the export of VSF has become more attractive after the devaluation of the rupee. The 25,000 tonne plant will be set up at Grasim's existing site in Nagda, thus doing away with infrastructural expenditure. Current estimates are that the size of the investment will be in the region of Rs.40 crore, which is far less than any greenfield project should cost in these "devalued" times.

Protesting helps

The one-day nation-wide strike organised by the drug industry seems to have had some effect. The government has allowed a price increase in some drugs like Ethambutol and Rifampicin, and has done away with the 5 per cent annual ceiling imposed on price increase by the



Testing drugs: better days ahead

former union minister M.S. Gurupadaswamy. But the most important announcement is expected to come later in the month when the government will, in all likelihood, further dilute the Drug Price Control Order. Not only will the list of drugs under price control be pruned, the industry is also expecting the government to do away with the current dual category system of pricing, where some drugs are allowed a 75 per cent mark up and others 100 per cent. In the new order, except for a few essential drugs, the mark-up for all others still under the price control will be a uniform 100 per cent.

A piece of the action

Now that the government has to hock off some public sector equity to the mutual funds the question is how it is going to actually set the prices. As these units have not been exposed to the market, normal asset pricing models or the guidelines of the controller of capital issues might not be the most appropriate. So, the department of public enterprises has contacted ANZ Grindlays, Bombay-based Strategic Consultants, and Coopers & Lybrand, the Indian

affiliate of an international cons firm, to suggest alternative mode decision has been taken on wh these three firms is going to be sel

Second thoughts

ITC which was till recently serious ing with the idea of hiving off i hotel-chain Welcom subsidiary into a sep company, is appa reconsidering the With MRTP gone, should be no goverr restriction on futur pansions, even if comgroup continue remain part of ITC. A company would ma difficult for the mon flow from the cash cigarette giant in the Welcomgroup through difficult ti But on the other hand attraction of floating a new compan in the fact that the Delhi-based comgroup will not have to refer ba ITC's Calcutta headquarters every a major decision needs to be ta Meanwhile, despite the fall in to traffic, the company is going ahead its Rs.160-crore expansion and mod isation plan which includes construc of new hotels in Jaipur and Hydera and expansion of facilities in Bom Madras and Bangalore.

Betting on diesel

While Greaves Cotton's decision to Brooke Bond's auto division rem still at the proposal stage, the Th group company is moving ahead wi plan to get into the manufacture o diesel autorickshaw. The compa light engine division has developed engine at its Chikalthana, Aurang plant. The vehicle is targeted at areas and small urban centres. The for the three-wheeler plant will prob be a 'D' zone backward area in rangabad that will give the compan cal incentives. The vehicle will be expensive than the petrol version bu operation cost will be much lower.

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Bond University is proud to be Australia's first iivate university. Based on an American model, it aims equip graduates with the intellectual and practical ills needed for success in their future careers.

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Their academic success is reflected in the fact that ne Indian student was chosen as a member of the niversity's prize-winning team in the international oot Corp competition.

Bond University, in fact, is the only Australian mpetitor invited to take part in this prestigious rent with the world's top business schools – Wharton, CLA, Northwestern, Stanford, Carnegie-Mellon, ondon Business School and Lyon (France).

The University offers undergraduate and ostgraduate programs in four academic Schools: usiness, Information and Computing Sciences, umanities and Social Sciences, Law.

Its unique three semester system also allows udents to speed up completion of degree programs. or example, postgraduate degrees such as an MBA or an MSc in Computing Science can be achieved in just one year of study – since, unlike other universities, it does not close for three or four month vacations.

A member of the Australian Vice-Chancellors' Committee and the Association of Commonwealth Universities, the University is ideally located on Queensland's Gold Coast – Australia's premier tourist destination and fastest-growing city, one hour by car from Brisbane and one hour by plane from Sydney.

During the first two weeks of October, Bond University will host a series of seven seminars in Bombay, New Delhi, Madras and Calcutta. Everyone interested in undergraduate or postgraduate study in Australia should contact our Indian Alumni for more information:

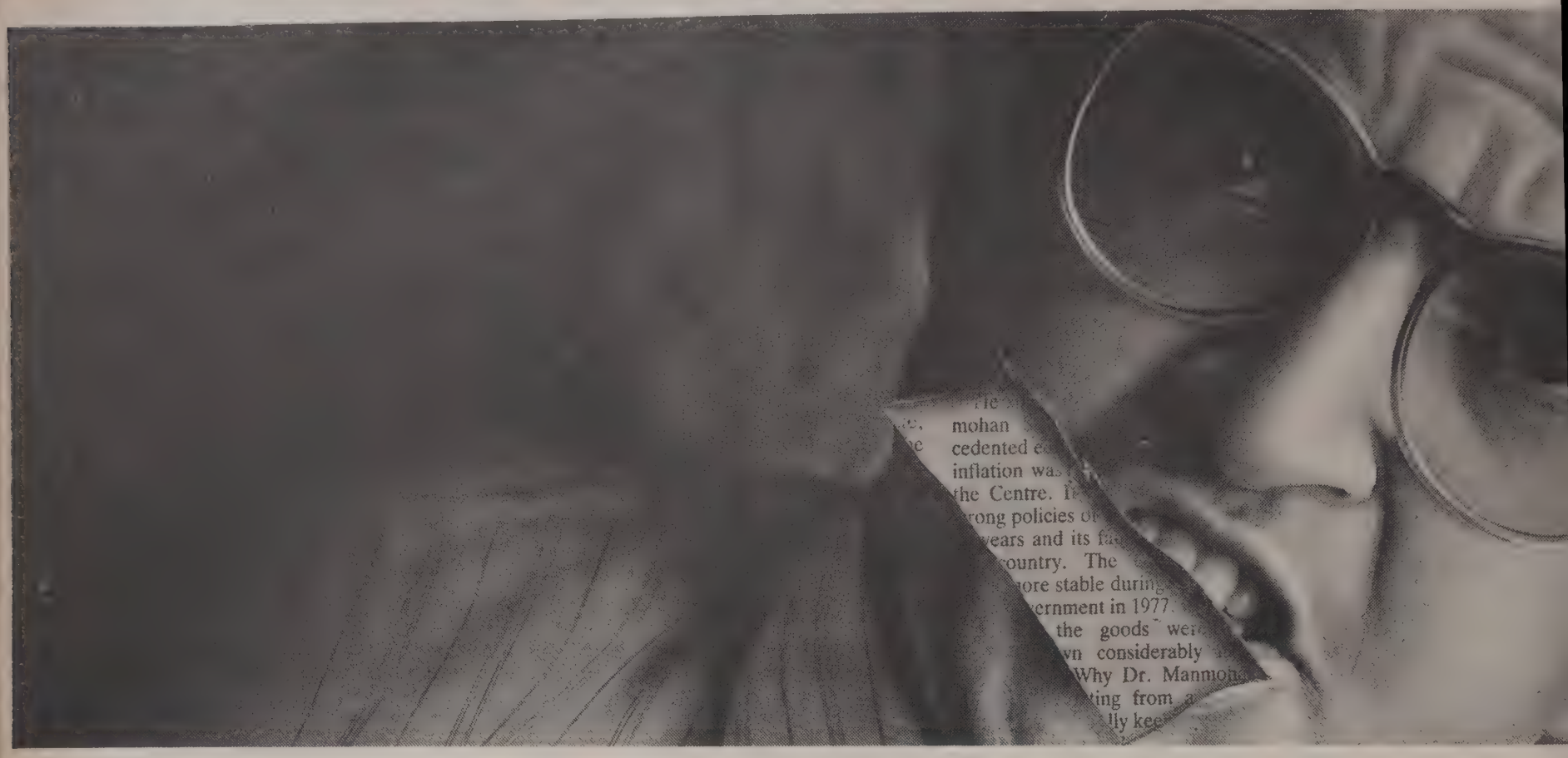
Pustak Bhandar, Govind Mitra Road,
Patna 800 004, India. Phone: 0612-52958.

BOND UNIVERSITY

WE'RE TEACHING SUCCESS

BUQ 0316

Presenting the Godrej 930X Printe



And a censored version of the market reactions.

What was the hurry?
The printers currently in use are quite adequate. And if [redacted] computers aren't complaining, what was the tearing hurry to bombard the market with this top-of-the-line 300 cps whiz-kid? [redacted] Preposterous!

User-friendliness? Or... seduction?
All operations of the Godrej 930X Printer, it seems, a possible through a finger front panel control. And so designed, even a [redacted] novice can make full use the built-in [redacted] capab This is not user-friendlin it's [redacted] downr seduction!

Paper handling? Lool like black magic!
Both bottom feed and re feed are possible with the [redacted] 930X, and cut-sheet feeding withou having to take the contin stationery out of the tra Feeding of paper and re of paper is at the touch of a button! Now if this i [redacted] uncanny, what

Godrej & Boyce Mfg. Co. Ltd., Regd Office/Marketing Dept. (Computer Peripherals), Plant 16, Pirojshanagar, Vikhroli, B 400 079. Tel: 5171166/77 Tlx: 011-71502 GOVK. **Branches: Bombay** (North) Tel: 5170451/1455. **Pune** Tel: 668968. **Ahmedaba** 31545, Rajkot Tel. 24919. **Bhopal** Tel: 554076. **Indore** Tel: 23663. **Jabalpur** Tel: 27321. **Delhi** Tel: 6845002/6845007. **Chandigar**



edible hold over time distance!

ews is that the 930X ttes non-stop for days ner without a h-off! And it's a distance runner with a printhead life of over 500 n strokes! But who needs kind of printing ess, except perhaps a printing press!

The unfair advantage of font cards!

The 930X offers a variety of standard fonts. Moreover there's a slot near the front panel which eagerly takes on a font card besides the standard ones. Now that's hitting other printers below the belt!

Compatibility? It looks like conspiracy!

The 930X is available with IBM and EPSON ESC/P Emulations. Plus, it offers the unique option of an EMULATION card which makes it compatible with a host of other systems. Now isn't that taking compatibility a bit too far?

Well, now that you've heard the printable excerpts of the market reactions, it's time to contact your nearest Godrej Dealer for a live demo.Without fear, prejudice, or obligation.

Godrej DOT MATRIX PRINTERS ® FROM EBE DIVISION

SERIES 900

No other printer likes it.

Faridabad Tel: 216415. **Jaipur** Tel: 62182. **Kanpur** Tel: 210135. **Lucknow** Tel: 241671. **Calcutta** Tel: 370895/99. **Asansol** Tel: **Bhubaneshwar** Tel: 405082. **Guwahati** Tel: 33172. **Jamshedpur** Tel: 28803. **Patna** Tel: 225380. **Bangalore** Tel: 577036/575902 **n** Tel: 366284. **Hyderabad** Tel: 230875. **Madras** Tel: 478985/479695. **Trivandrum** Tel: 78104. **Vishakapatnam** Tel: 61178.

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LMA 2384

NDIA

o joy with the Sun

n 17 September, Air India decides upon a Bombay-based advertising cy which will handle its interna- l account, worth Rs.9 crore. At that it will also unleash its first promo- l campaign in many years, called



Maha Lucky Rajah Scheme, where tickets will be on offer in a public petition. But most importantly, this be the day when the airline will con- its decision to drop the Sun symbol, return to the Centaur.

wo years and $35 million later, Air 's flight of fancy will end without pathy, or even a glorious sunset. m Jetley's gimmickry — no thanks e San Francisco-based Landor As- tes, which reportedly tried to pass ne Sun to at least two other foreign nes — of buying the Sun for AI to re- the Centaur, will only prove to be ud many critics had expected.

spokespersons aver that the airline e from 30 Landor designs. Nev- less, the inappropriateness of the symbol and the extravagant ex- es incurred in the change, jarred y industry observers at the very ning.

ndustan Thompson Associates , which handles the airline's Rs.2 domestic advertising account, is of se the frontrunner in the race for the ligious account. Altogether ten cies will have made presentations, the controversial withdrawal of agencies like Trikaya Grey which plained that the two-week notice for ntations was inadequate, consider- he task on hand. It is most unlikely that HTA will be left out of the international account, given its past successful work. But to add creative inputs, the likeliest choice seems to be between Clarion and Advertising Avenues.

AI spokespersons claim that there will only be a marginal financial loss in reverting to the Centaur symbol. According to them, the stylish Landor livery incorporated into 10 out of the airline's 22 aircraft will stay. But though they deny that the Sun image never clicked, the return of the Centaur and even the continued existence of the Maharajah mascot (as in their latest promotional campaign) tells another, more real story.

■ DEVENDRA TAK

EXIM SCRIP

Many questions

More than a month has passed since the launch of the exim scrip (see *Business India*, 19 August 1991), but the modalities have not yet been fully announced. In the first of the changes, heeding exporters' pleas, the commerce ministry has agreed to include the name and address of the exporter on the exim scrip. The scrips issued prior to 23 August 1991, were unnamed, rendering the instrument into a bearer bond.

Echoing another demand of the exporters, Ramu Deora, president, Federation of Indian Export Organisations, has said exim scrips should be made transferable through letters of authority — a procedure prevalent for REP licences.

The addition of the name on the original scrip should make little difference unless the original exporter who applies for the scrip holds it. In most cases, the scrip is sold. Also, if a letter of authority has to be issued every time the scrip is sold, the very purpose of transparency of operations would be defeated and it might complicate attempts to list the scrips on the country's stock exchanges as per the original plan.

Will a letter of authority be necessary? Will the scrips be freely traded on the stock exchanges as per the original plan of commerce ministry? The mystery still remains unexplained. However, according to informed sources, a lot of forward trading in the scrips is taking place. Premium rates, dependent on demand and supply, were between 40-42 per cent in the first week of September.

■ MANALI RESHAMWALA

VANASPATI MANUFACTURERS

Gujarat on top

The battle rages on. The vanaspati manufacturers of Maharashtra and Gujarat are still slugging it out (see *Business India*, 27 May 1991) but the latter seems to be at an advantage. Out of the 11 factories manufacturing vanaspati in Maharashtra, three have already shut down, one has served notice for closure and the remaining seven have been operating at significantly low levels of capacity since August.

The total consumption of vanaspati in Maharashtra is over 100,000 tonnes per annum (with a turnover of Rs.400 crore). While the sales tax levied in Maharashtra is 8 per cent, Gujarat manufacturers pay only 2 per cent. On a 15 kg tin, costing about Rs.630, the price difference becomes a substantial Rs.40.

Representations to the Maharashtra finance minister allege that sales tax and octroi evasion by the Gujarat manufacturers has led to the complete erosion of the market.

The appeal of the beleaguered Maharashtra manufacturers is two-pronged. They are suggesting increased monitoring by sales tax authorities, including the setting up of an outpost on the Gujarat border; and reduction in sales tax to match neighbouring states. According to these manufacturers, a decline in the tax rate will be compensated by increased revenues for the state.

■ DEVENDRA TAK

Pow-wows

Much fanfare surrounded prime minister P.V. Narasimha Rao's first foreign trip: the **goodwill visit** to Germany which has been threatening a drastic cutback on aid to India. Rao's pow-wows with Chancellor Helmut Kohl resulted in the former agreeing to cut down on red tape for German investors. Kohl, in turn, promised to dole out more cash. Full marks to Rao.



Power ministers huddled together in the capital recently to ponder over **highpowered issues**. Their verdict: fix a minimum electricity tariff for the farm sector, amend the archaic Indian Electricity Act to let private parties in and revamp the State Electricity Boards.

The controversial **foreign remittances bill** that allows people to receive dollars from abroad and no questions asked was introduced in parliament last fortnight by finance minister Manmohan Singh. Janata Dal leader George Fernandes opposed it saying it was just a convenient conduit to bring back illegal earnings.

Tie-ups

Indian companies are firming up their global plans. Among them is the public sector **Indian Petrochemicals Corporation Limited** which plans to put up a Rs.1,000-crore petrochemical joint venture project in Saudi Arabia. By 1995, IPCL hopes to rake in those dollars, about $700 million. Chairman Hasmukh Shah isn't ready to reveal their partner's identity as yet.

The Indian computer industry has got a sudden attack of the blues. Specifically, the IBM blues. The likely shape, subject to approvals, of **International Business Machines'** second coming into India is a Rs.100-crore joint project with the Tatas to manufacture mainframes and microcomputers.

Avery India is now all set to manufacture petrol dispensing machines, in technical collaboration with the world's largest manufacturer of petrol pump equipment — Gilbarco of US. That is not all, Avery India also has plans to tie up with Avery Hardoll, UK, to manufacture electronic dispenser meters at the existing plant in Faridabad.

Grapco Granite Ltd, the flagship company of the Calcutta-based R.P. Jhunjhunwala group, wants to expand and diversify. The Rs.43-crore programme includes a diamond tool project which has a technical tie-up and buy-back agreement with Budiam of Germany.

Welcome mat

Andhra Pradesh wants to establish a significant presence on India's industrial map. Privatisation of certain languishing public sector units, cutting the cord between the AP Industrial Development Corporation and the government and opening up to foreign investments are the core proposals of the state's newly announced industrial policy.

The long-delayed Fourth Round inviting companies to bid for **oil and gas exploration** in 72 identified blocks was declared open last fortnight.

Milestones

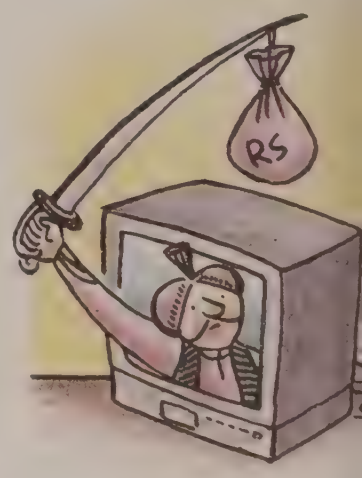
Tea exports in 1990-91 earned the country Rs.1,074.81 crore. Of the total 201.99 million kg that was exported to over 23 countries, more than half — 115 million kg — was shipped to the Soviet U The UK accounted for 10 per cent share in ter both volume and earni



Since July, the price of **polyester filament yar** been scaled up by Rs.2 per tonne. Manufacture that the hike does not m the Rs.25,000 per tonne in cost of imported yarn

The export target for **engineering goods** has scaled up from Rs.4,200 Rs.5,000 crore by the Engineering Exports Promotion Council. In light of the April to Jun performance of Rs.1,05 crore, the target looks achievable.

Tipu Sultan, the televisi serial that raised a controversial storm befo and after it went on air earned Doordarshan a



whopping Rs.19.54 crore gross revenues from advertisers and sponsors

Power, steel, cement, shipping, fertiliser, telecc in essence the **core secto** remained immune to the political upheavals that rocked the country last y They performed better in fiscal '91 as compared to previous year. The only exception was the petrole sector which saw a fall in production. Bandhs, blockades, strikes and lea were the main causes.

delines

nance ministry has sed an additional 0 crore of foreign nge for importing sers. Imports, however, d be of raw materials alue addition done y.

te sector mutual funds nally on the way. That he recommendations of member study group d by S.A. Dave, man, Unit Trust of , the country's largest sector mutual fund, ccepted. The suggested s: an overall fundraising of Rs.200 crore over cars, a ceiling on ing in affiliate anies upto three per of the fund amount and er cent of any any's share capital. e should prevent them turning into takeover les). Dave & Co also feel rivate funds deserve a reak similar to their rnment-owned erparts.

rters now have more ns. The commerce try recently **ntrolled** 63 items and the ban on 17 others. estrictions (both total artial) that remain are fied in two lists.

ing go

losely held **MRF Ltd**, ountry's largest tyre facturer is letting go what. Uniroyal drich, its American borator which is a diary of French tyre Michelin, is paying 3.5 lakh to pick up a 9.8 nt equity stake in . That will mean a inal increase in MRF's apital base of Rs.3.85 and give a kick-off to ompany's proposed project to manufacture aircraft tyres.

Dollar accounts can be opened only by those trading and export houses which have an earning of over Rs.4 crore in the last three years. The Reserve Bank is finalising detailed guidelines.

Road blocks

Canbank Mutual Fund's new schemes have been **canned** for the time being by the finance ministry following a negative report by the Securities and Exchange Board of India (SEBI).

Environmentalists in Goa are gearing up to launch **an offensive** against the controversial Thapar-Du Pont Nylon 66 project if the state government doesn't scrap it by October 1. The Eco Forum, an organisation of six environmentalist groups, met recently and passed the Ponda Resolution (so named after the project's site) which contains their resolve to prevent not just Ponda but any part of the country from being polluted by Thapar-Du Pont. That should put paid to the combine's hopes to relocate their project from Goa to Andhra Pradesh.

The Cochin-based Toshiba Anand Batteries Ltd is facing **a closure**. With accumulated losses in the region of Rs.16 crore, the Kerala government has the unenviable task of



getting a new promoter, by year end.

Indian exporters of **gold jewellery** complain that they are facing heavy weather in the form of competitive suppliers from neighbouring countries where labour costs are low and export procedures far simpler.

Pipe dreams

Some would call it a pipe dream. The **Gujarat Gas Co Ltd** (GGCL) is looking for a foreign partner for its Rs.1,200-crore project of providing piped gas in its home state. The dream is stuck not for want of collaborators — British Gas and Hongkong Gas are interested — but for a further 17 million cubic metres of gas supply from the government.

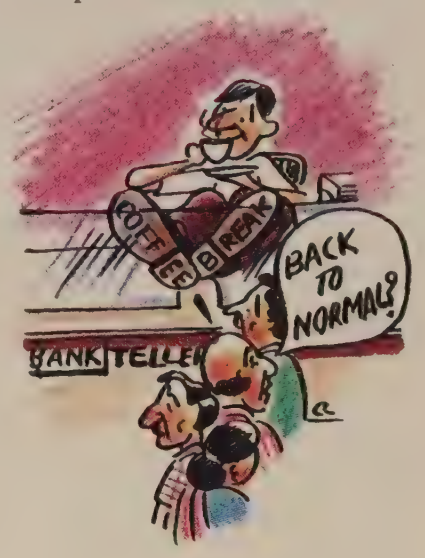
Bharatiya Janata Party leader Atal Behari Vajpayee



unveiled his scheme to bail the country out of its economic morass. Issue **gold bonds** and force all gold hoarders to offload. Vajpayee estimates that the hidden stock totals 2,000 tonnes.

Patch ups

A last minute assurance by P.R. Kumaramangalam, minister of state for parliamentary affairs, that bank privatisation is out, convinced bank employees **to call off** the strike planned for September 6. The bank unions' Joint Committee for Movement against Privatisation of Banks met finance minister Manmohan Singh recently and pleaded that privatisation would be



detrimental to their interests as well as the general public. Disgruntled bank customers who feel shortchanged when dealing with grumpy tellers would certainly not agree.

Striking junior college teachers in Maharashtra returned to their **classrooms** after 19 days when the state government conceded to a two-tier pay scale which will cost the exchequer Rs.1.5 crore.

Balram Singh Yadav, the union minister for mines, has assured the workers of the National Aluminium Company (Nalco) in Orissa that they would not be retrenched. The workers have asked for an ex-gratia payment of Rs.2,500 in lieu of annual bonus and a minimum conveyance allowance of Rs.300.

Dust-ups

If their wages are not revised forthwith, employees of the **Food Corporation of India** (FCI) will observe a countrywide strike on September 16.

Over 70,000 employees of regional rural banks all over

Newscast

India **stayed away from work** in response to a strike call by the All India Regional Rural Bank Employees' Association. The strike was called to demand proper implementation of the National Industrial Tribunal Award, promotion for all cadres, including substaff, payment of arrears and restructuring of the gramin bank.

By transferring its transmission business and some assets to the newly-constituted National Power Transmission Corporation, the National Thermal Power Corporation has rubbed its Japanese lenders the wrong way. The **Industrial Bank of Japan**, the leading lender, believes that the transfer will affect the NTPC's capacity to repay. The banks want to terminate the loans since NTPC's action implies, they say, a breach of the loan agreement. The Japs obviously feel gypped.



Before he relinquished office at the annual general meeting, Chirayu Amin, president of the All-India Organisation of Employers, suggested that trade unions should agree to a self-imposed **ban on strikes** and work non-stop for five years. Minister of state for industry, P.J. Kurien, who was present, pointed out that not all strikes are unwarranted. Incidentally, statistics from West Bengal reveal that, in 1990, 98.5 per cent of the total man-days lost were due to lockouts.

Sale deeds

RPG Enterprises is negotiating with Reliance Industries for selling its 24 per cent stake in the joint sector **India Polyfibres**, a loss-making unit. For the moment, though, the Ambanis have put all takeovers on hold until they bag the big one, ie Larsen & Toubro.

The perennially loss-making **Ramon & Demm**, a Bombay-based company may have a new owner. Telco, Eicher Ltd and Ashok Leyland have put in their takeover bids to the Industrial Credit & Investment Corporation. Accumulated losses of Rs.19 crore have wiped out the networth of this company which has a Rs.2.5 crore equity base.

Recordings



Finance minister Manmo Singh admitted on record the **Financial Times**, London, that India has a for $5 to $7 billion from International Monetary Fund.

The quantity of silver smuggled into the countr last year (187 tonnes) was twice that in 1989 (99 tonnes).

LANDMARKS

Kidnapped, Dr.O.N. Wakhloo, former principal of Regional Engineering College, Srinagar, and his wife Khemlata Wakhloo, the former Kashmir tourism minister, by militants in Srinagar. Also on the kidnapped list in the state are S.L. Khosa, Srinagar branch manager of New India Assurance Company, and Vijay Kumar Kaul, director, Regional Institute of Science & Technology, Srinagar.

Killed, T.S. Raju, assistant executive engineer, ONGC, by ULFA extremists in Assam after 69 days in captivity. Seven more ONGC officials continue to be in the hands of the extremists.

Revealed, by Girija Vyas, union deputy minister for information and broadcasting, in Bombay last fortnight that as many as 3,500 serial proposals were pending with Doordarshan. She also said that the Lok Sabha speaker had approved the idea of live telecast of parliament proceedings, though finance was a hurdle, and that the government had received 32 proposals from firms who want to run the second national channel of Doordarshan which is expected to be thrown open to the private sector.

Launched, the country's second credit rating agency, Investment & Credit Rating Agency of India, promoted by the Industrial Finance Corporation of India, UTI, Citibank and many nationalised banks. D.N. Ghosh, former chairman of State Bank of India and Larsen & Toubro will be the chairman.

Chargesheeted, R. Raghupathi, ex-chairman and managing director of Syndicate Bank and Amrit Sagar Puri, ex-managing director of State Bank of India, by the Central Bureau of Investigation. This is part of the 3 cases involving 42 senior officials of various public sector banks who ar being investigated by CBI for variou offences including showing of undu favours, sanctioning and releasin loans to fictitious persons and firm possession of disproportionate a sets, bribery and crimina misconduct.

Announced, officially by the Frenc embassy in New Delhi that India television viewers will be able to re ceive French TV programmes liv from 11.30 am to 6.30 pm with th help of a dish antenna. This follow the beaming of the French publ television channel Canal France In ternational to Asian countries vi satellite. But the programmes are i French, and Indian viewers will hav to wait till next year for Englis programmes.

Do you travel light and entertain heavily?

Win two return tickets to Singapore, Bangkok or Hong Kong. Or a pair of Titan Classique watches. Or one of ten leather executive bags



With today's increasingly hectic business schedules you may be travelling on business as often as twice a week. And with business meetings spilling over into business lunches and dinners, you're probably also entertaining your business associates frequently.

We at Ogilvy & Mather Direct, have been commissioned by an international organization to conduct a survey on travel and entertainment amongst successful corporate executives and businessmen.

Please answer the questionnaire below (it should take you just five minutes) and mail it with your visiting card to Ogilvy & Mather Direct, Mahalaxmi Chambers, 29 M.G. Road, Bangalore 560 001.

To thank you for your time, all complete responses will be entered in a Grand Draw. The first prize is two economy class return tickets to Singapore, Bangkok or Hong Kong. (The winner chooses the destination.) The second prize is a pair of Titan Classique watches. And there are ten third prizes: specially crafted leather executive bags. Do mail your response well before 7th October 1991, to qualify for the Draw.

Mail to Ogilvy & Mather Direct, Mahalaxmi Chambers, 29 M.G. Road, Bangalore 560 001. Please write your name and address in block letters, or clip your visiting card to the entry form. You might like to use a photocopy of this entry form, or give one to a colleague or friend. (Tick the relevant boxes below.)

TRAVEL

1. How frequently do you fly on business or otherwise?

	Within India	Overseas
* 5 or more times a year	[A]	[E]
* 3-4 times a year	[B]	[F]
* 1-2 times a year	[C]	[G]
* Less often	[D]	[H]

2. Where do you generally stay?

* 4/5 Star hotels	[A]
* Company guest house	[B]
* Other accommodation	[C]

ENTERTAINMENT

3. How often do you entertain in a leading club or restaurant?

* 4 or more times a month	[A]
* 2-3 times a month	[B]
* Less often	[C]

CARD OWNERSHIP

4. Which of these cards do you own?

Diners Visa Mastercard

Others (Please specify): _____

INVESTMENTS

5. Who do you bank with? Please list in order of preference:

1. _____
2. _____
3. _____
4. _____

6. Your investment in banks/fixed deposits earns:

Simple rate of interest [S] Compound rate of interest [C]

7. Do you invest in shares and debentures? ☐ Yes ☐ No

Please clip your visiting card, or fill your name and address below in capital letters:

Name (Mr./Mrs.): _____

Designation: _____

Company: _____

Address: (Off./Res.) _____

_____ City _____

State _____ Pin _____

Phone (Off.) _____ (Res.) _____

BT

B. BASKARAN

The Karur Vysya Bank Limited has strengthened its owned funds by increasing the paid-up capital and reserves to Rs.9.58 crore from Rs.6.49 crore within a year. Following this increase, the ratio of owned funds to deposits works out to 3.04 as against the Reserve Bank of India's stipulation of 2.5 per cent. While every other bank claims an increase in their advances, KVB has reduced its advances from Rs.17.90 crore to Rs.17.58 crore in 1990-91. "This was a conscious decision made in anticipation of the tightening of the money market. And the decision has helped us increase our profit by 100 per cent," claims B. Baskaran, chairman, KVB. Of



late, KVB has been very active handling new issues. "Following our success in merchant banking, we have decided to enter portfolio management in a big way," says Baskaran. KVB is now floating a new division called Investor's Point, which will handle portfolio management for an annual fee of Rs.500.

SURINDER BAKSHI

His achievements in the food processing industry have won him a lot of praise. Naturally.

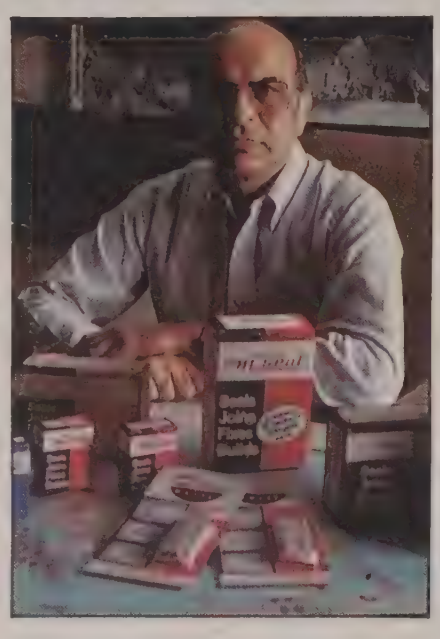


It is chief executive, Surinder Bakshi's breadth of experience and specialised knowledge that recently won Sunsip Ltd the national export award jointly given by the ministry of commerce and the Agriculture and Processed Food Production Export Development Authority. By introducing some really advanced technology into this field, Bakshi has helped SunSip, a Wimco subsidiary, become the first company in India and the fourth in the world to use aseptic packaging for processed fruits and vegetables. SunSip is also the first company to manufacture mango, papaya and guava concentrate. SunSip's exports, last year, amounted to 60 per cent. "The new export-related policies have given a further stimulus for growth this year," says Bakshi.

GURBIR SINGH

In 1969, an epoxy was introduced into the market by Mahindra Engineering & Chemical Products, a Mahindra & Mahindra subsidiary. Gurbir Singh, who was then a sales manager, recalls, "We used to go from factory to factory, explaining the concept and demonstrating the uses." By 1974, M-Seal had invaded industries ranging from small auto garages to nuclear plants. "It was a personal achievement for me," says Gurbir, now the executive director of MECP (latest sales: Rs.15 crore). Later, companies like Hindustan Ciba Geigy and TVS introduced competing products but they could not cut into M-Seal's 75 per cent market share.

On the contrary, M-Seal became a generic name and even stormed into the domestic market. Housewives found it convenient to seal and mend a host of items and artists used it as a sculpting medium. MECP has now introduced M-Seal



White, which sculptors prefer to the normal grey M-Seal. Launched successfully in Maharashtra, Delhi and Kerala, it is now being promoted in Andhra Pradesh, West Bengal and Gujarat too. MECP also makes cable jointing kits.

RAJENDRA MEHRA

The happy sense of achievement is written all over Rajendra Mehra's face. A partner in Rupa & Co, book distributors and publishers, Mehra has recently promoted a new company, HarperCollins India, in collaboration with Harper & Collins, UK. H&C, owned by the Australian media magnate Rupert Murdoch, is the third largest book publisher in the world. "This is the first ever



publishing joint ventu
Harper & Collins. They
persuaded by the great p
tial of the Indian market
forms Mehra. H&C has a 4
cent stake and Mehra 6
cent in the venture.

The books published
under the brandname I
will be authored by In
writers or be reprints of H
tles. Mehra will also ex
these books. This will pa
ularly benefit Indian wr
says Mehra, as their b
will get international expo
through all H&C outlets
world over. With devalua
making books prohibit
expensive, Mehra also ass
that HI reprints will be ov
per cent cheaper than the
ported originals.

PRAKASH AHUJA

Mothercare India Ltd, w
operates from 78 "Little K
dom" stores in the cou
and one "MS" store



as, has lined up many in-
ing expansion and diver-
ion plans. The company
started exporting chil-
s garments to the US and
en and, according to
man and managing di-
r Praksh Ahuja, exports
d touch Rs.3 crore next
Mothercare plans to
"MS" stores, which ca-
o the requirements of
s, in Lucknow and Jai-
The company will also
h its mail order service in
ary, 1992. Says Ahuja,
unique feature of this
e is that if customers are
appy with an item they
exchange it any Little
dom store."

ANTI KUMAR PODAR

Podar group, once a big
in textiles, plans to set
o export-oriented units.
first unit, known as
r-Arirang India Pvt Ltd,
manufacture artificial
lery and will be set up in
boration with a Korean
pany. Says chairman
i Kumar Podar, "Al-
gh the project involves an
tment of Rs.14 crore, we
to export jewellery worth
5 crore within the first
" The second unit (not
amed), also in collabora-
with a Korean company,
manufacture acrylic fibres
used for making toys,



baby clothes, lining for shoes, etc. The new unit will export the fibre to Russia and Thailand. This, however, is not the first time that Podar is tapping overseas markets. One of the group companies, Maharashtra Fur Fibres Ltd, has a turnover of Rs.14 crore and about 75 per cent of the production is exported.

H.N. SETHNA

Normally a calm and collected person, H.N. Sethna, chairman of the Tata Electric Companies was at his strident best while addressing his shareholders in Bombay last week.

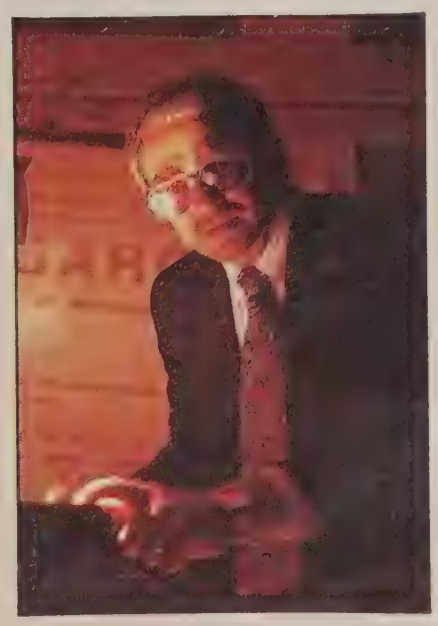


The object of his ire was the environment ministry which is sitting for the last one year over the clearance for the group's new gas-based 180 MW combined cycle unit at Trombay in Bombay. "All the formalities and stipulations have been fulfilled for this project," he said. "An organisation must know the precise environmental standards to be followed. These cannot be left to the whims of individuals. And these standards should be uniformly applied." What irks the Tata Electric top brass is the fact that international finance for this project — as well as for a 150 MW pumped storage project at Bhira — has already been tied up. "But since both are part of the same loan package, any delay in clearing the Trombay unit will also affect the Bhira project," Sethna added.

JIM WRIGHT

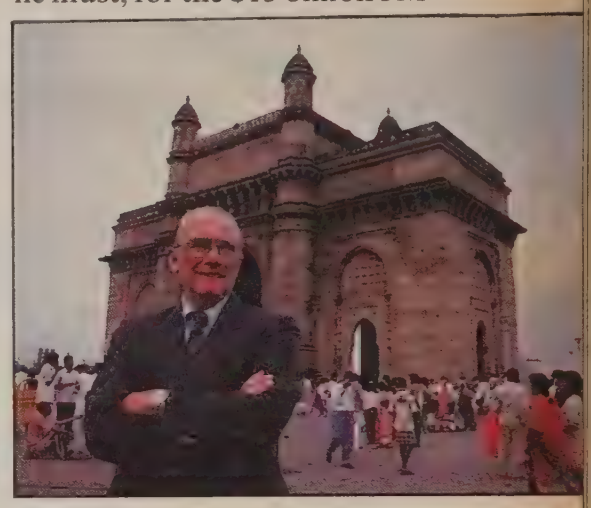
It was barnstorming with a vengeance. A group of Motorola (the communications giant) salesmen went around five cities in India, holding seminars that made the mouths of their communication-hungry audience water. The gizmos they demonstrated weren't expensive options like cellular telephones, or the proposed Iridium system, a satellite-based communication package for the very affluent which Motorola also sells. What Jim Wright (director, strategic planning and marketing in Motorola's paging division at Boynton Beach, Florida) and his colleagues were stressing were the relevance of technologies like radio pagers and the CT-2, or second generation cordless telephony in India.

World wide there are over 23 million pagers. These have, in fact, become so common that even teenagers have them. India has only a few hundred pieces, mainly in hotels and public sector units. But if the powers that be allow paging services to be set up, India could be one of the five largest markets in the world by the end of the century. That explains the great interest shown in our country by Motorola.



ALAN JACOBSON

"I only smile when I hear the word profit," is what Alan Jacobson, the chief operating officer of 3M Corporation says about himself. And smile he must, for the $13 billion 3M



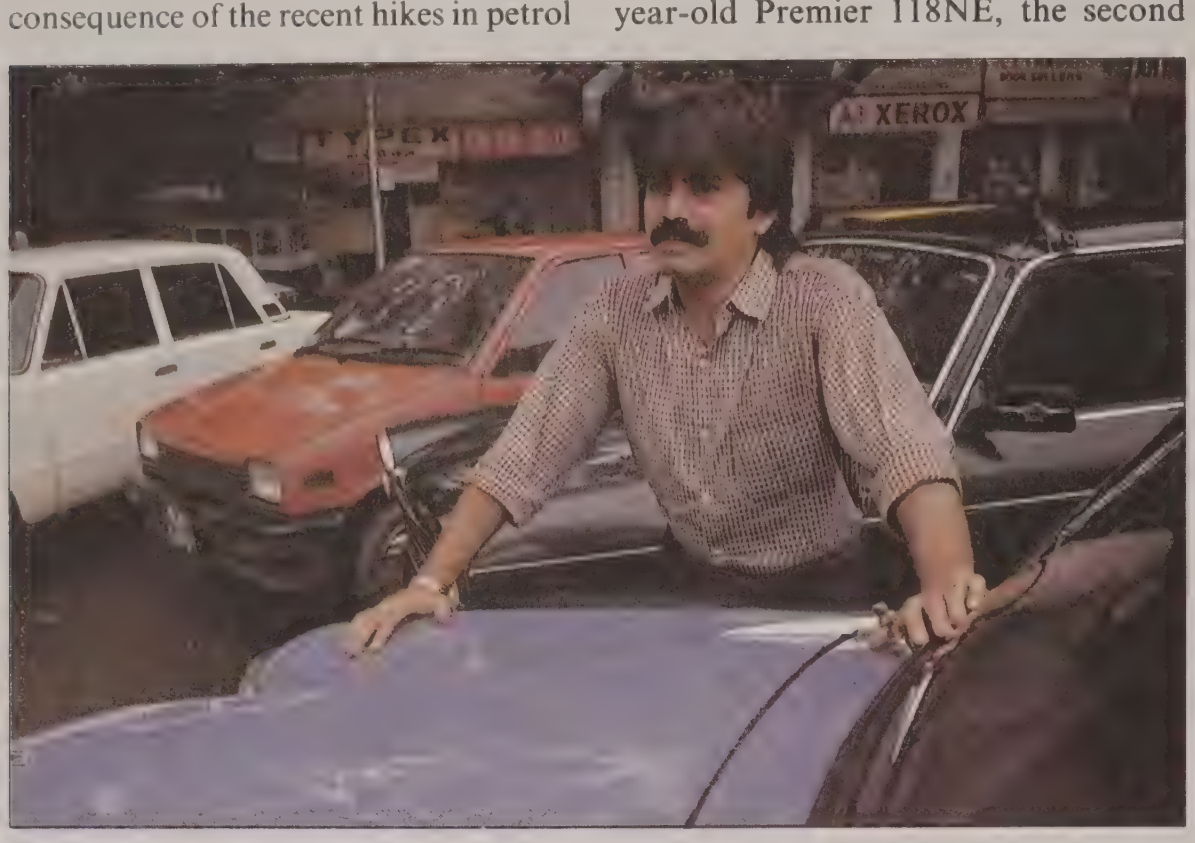
is not only among the most profitable US corporations, it is also among the most admired for innovativeness. Jacobson was in Bombay and Bangalore last fortnight, to "see for myself how our Indian subsidiary (Birla 3M) is doing." But, according to business circles, the main purpose of the trip was to check out the feasibility of increasing the American giant's equity in Birla 3M (sales: Rs.10.64 crore) from 40 to 50 per cent. Says Jacobson ruefully, "Nowhere in the world is there a limit on foreign ownership, especially in technology-related business." Adds the executive, who is also on the board of several other companies like Mobile Oil and Sarah Lee, "It is important to stay on the leading edge of technology in this business. If you slip, you are dead." 3M annually spends 6.5 per cent of every sales dollar on research and development to maintain its high level of innovation.

SECOND-HAND CARS

Sweeping along

Even while an aura of gloom surrounds the automobile industry, second-hand car dealers are doing very good business indeed. "There has been a 30 per cent jump in sales in the past few months," says Nikhil Kantawala, who runs Kantawala's in Matunga, Bombay, and sells around 140 second-hand cars a month.

Along with the jump in volumes, prices of used cars have also shot up by almost 10 to 15 per cent. The frenetic bustle in the used car trade is a natural consequence of the recent hikes in petrol prices and the series of steep increases in taxes on new cars. "A new Maruti800 now costs over Rs.2 lakh, which very few people can afford. But the demand has not gone down — it has only shifted to second-hand cars," says Kantawala. He estimates that showroom sales of cars have dropped by almost 50 per cent in the last month from pre-budget levels.



Kantawala: more than content with the uptrend

Best seller on wheels. It is the Maruti owners who have a best seller on wheels. Thanks to the Rs.40,000 hike in the price of a new Maruti800 and its higher petrol efficiency, prices of second-hand Marutis have boomed. "A Maruti is like a blue chip share in the trade these days," says a spokesman for Computer Auto, a Bombay firm dealing in second-hand cars. A 1985 model Maruti in good condition fetches almost Rs.80,000, and a 1990 model around Rs.1,75,000. In Bombay, which incidentally is the biggest market for Marutis, almost 60 per cent of Kantawala's sales are in Marutis.

While the Maruti phenomenon defies the laws of depreciation, other cars , too, are fetching good prices. Premier 118NEs, Fiats, and Contessas are also fetching higher prices, though not higher than the original cost price. A three-year-old Premier 118NE, the second best selling car, for example, commands around Rs.1.5 lakh when a new car of the same make costs Rs.1.8 lakh.

Marutis and Premier Padminis are pouring into metros from other states. In Bombay, especially, a new car attracts a 15 per cent sales tax and 4 per cent octroi — an old car is liable to octroi only. In Delhi, though, sales to out of state areas are more than local sales.

The spurt of auto finance schemes, like the Citifinance scheme, have also been a boon for the trade. "Even people earning salaries of Rs.2,000 to Rs.3,000 can now think of buying cars because they can get almost 100 per cent finance for it," says Mahesh Tanna, of Royal Star Auto Consultants. Most d agree that middle-income custome on the rise. From June to August, Citibank stopped its refinance sc the business at Kantawala's dropp by 25 per cent.

Regularised schemes. As finan cars is moving from bundles of no regularised schemes, dealers are als ting sophisticated. Computer Aut come up with a software package f valuation of old cars. The com comes up with the approximate m value based on various paramete lated to the condition of the car. In bay, dealers have also become parti about documentation, unlike where the used car trade still functi a haphazard way.

Streamlining the procedures has an increasing dependence on dea "Earlier, buyers preferred dealing owners. Now people don't want to the risk of direct purchase," says K wala. As the percentage of 'suspect available is on the rise (an estimate stolen cars were sold in Bombay year) customers prefer to go thr dealers who take the responsibilit ascertaining the car's legal status. two per cent given to the dealer is co ered reasonable.

Naturally, second-hand car de are all smiles. Kantawala expects volume of sales to rise by another 2 cent around Diwali. The auto indus loss, obviously, is the second-h trade's gain.

■ SUDESHN

COFFEE PRICES

Stabilisation bi

The Bangalore-based Coffee B and the pool sale dealers (those buy raw coffee beans at the C Board auctions and sell it to consu after roasting and grinding) are lo in a new controversy. Reason: the fee Board has reduced the quota fo auction sales in spite of sufficient st And as a result, the price of retail c





e berries and (below) **seeds being dried: are s being manipulated?**

er in the market has zoomed. e victim, of course, is the consumer. began when the coffee auction uled for 12 March was cancelled by offee Board, because the pool sale rs boycotted it on the ground that ethod of working out the new mini- release price for coffee was isfactory.

s crash. Later, the board released le the quantity (5,000 tonnes) at an on in Coimbatore. But, a leading national, which on an average buys o 1,000 tonnes a month from do- c auctions, was absent and coffee s crashed. (According to sources, emand for coffee during summer is nd the multinational did not take n the March auction probably be- it already had the stocks or did not visualise any increase in retail sales in April.) As a result, few buyers managed to buy coffee at a lower price.

Thereafter, the Coffee Board decided to reduce quantities of coffee released at auctions even though the pool sale dealers have been crying for more. An amount of 1,750 tonnes each of raw coffee was released (against 2,500 tonnes auctioned early this year) at Bangalore and Coimbatore. The auction prices, hence, went up by 40 per cent.

Says Anil Bhandary, vice-chairman, Coffee Board, "We feel that the pool sale dealers somehow manipulated the prices at the Coimbatore auction held later in March this year. In order to recover the prices, we reduced the release quantity to 1,750 tonnes, expecting that the prices would go up." But the pool sale dealers swear that the coffee growers (planters) want more money for their coffee and the Coffee Board is deliberately reducing the supplies and allowing the prices to soar. In other words, the Coffee Board is speculating.

Desperate bid. Even though this year's coffee crop (167,000 tonnes) has exceeded last year's production of 117,000 tonnes, the price the consumer pays for coffee has remained the same — Rs.60 to Rs.70 per kg. Says G. Murthy, secretary, All India Pool Sale Dealers Association, "If the Coffee Board releases a higher quantity of raw coffee, the prices of ground and roaster (roasted) coffee will stabilise." But will the Coffee Board do that? There is a feeling among buyers at the Coffee Board auctions that the board, in a desperate attempt to get higher prices, may release more coffee at export auctions.

Next year's crop is expected to be a bumper (225,000 tonnes) and if the Coffee Board cannot sell its accumulated stocks in time, it may be loaded with a huge carryover stock of more than 15,000 tonnes of raw coffee. Since the Coffee Board does not release coffee in time and tends to stock it for a long period, the quality suffers, warehousing costs go up and planters have to rake in more interest for the bank loans. The situation calls for some quick decision-making on the part of the Coffee Board, otherwise, it will have only itself to blame.

■ DEVAPRASAD PUROKAYASTHA

MINERAL WATER

Donning an austere garb?

While the size and spectacle of the Maha Kumbh Mela in Nashik last month held sway over the masses, two Delhi-based companies took the opportunity to market their new products. Both companies, it seems, have decided to cash in on the Hindu religious fervour sweeping across the country and market *gangajal* in the form of mineral water. While Gangotri Minerals Pvt Ltd (GM) has launched Gangotri Pure Gangajal from Bombay, Himalayan Mineral Waters (HMW) has countered with Himalayan Bliss Gangajal from Delhi. According to R.K. Malhotra, marketing controller of GM, his company hopes to sell about 2,000 cartons during the mela.

Alone so far. Till recently Parle's Bisleri was the only mineral water available — aimed mainly at foreign tourists and a small section of the Indian upper class. Now the newcomers are focusing on a different market segment altogether. And their packaging too is different. While Bisleri Mineral is sold in one-litre bottles, the new entrants have opted to sell *gangajal* in 250 ml pouches and PVC re-usable bottles for domestic consumers.

The best of efforts evoked no comment from officials at Parle Exports. They were uncommunicative when queried about Bisleri, marketed by Aqua Minerals Pvt Ltd, a wholly-owned subisdiary of Parle. And chairman Ramesh Chauhan claimed that the



Malhotra: selling sanctity

turnover of Bisleri as a part of the company's total sales was very insignificant.

Although the two new companies stress that their product is not aimed at exploiting religious sentiments, the packaging and advertisements relate a different story. Says Sanjay Srivastava, general manager, technical, HMW, "We are not stressing the religious sentiment that *gangajal* evokes. The brand name only suggests that the water coming from the source of the river Ganga has a high degree of purity." Malhotra, on the other hand, is aware that the brand name Gangotri could evoke communal sentiments. Says he, "We were careful and decided to emphasise that Gangotri Gangajal implies purity of water."

Both companies have plants in the Himalayas where the water is filtered and packed. Malhotra emphasises that GM's plant has been set up at a height of 8,500 feet at the source of the Ganga because "downstream the water gets contaminated, this reduces its sanctity and herbal qualities." Built at a cost of Rs.1 crore in Harsil, Uttarkashi, the picturesque town in the Garhwal Himalayas, the plant has a capacity of 100,000 pouches a day.

The HMW plant is located at Sainj-Maneri on the way to Gangotri where the Himalayan Bliss Gangajal is naturally filtered through shifting glacial sands. "The refreshing combination of natural mineral water and salts in it makes Himlayan Bliss Gangajal the most natural and pure mineral water," claims Srivastava.

Marketing strategies of the two companies are, however, poles apart. Gangotri is promoted as a charitable venture. According to Malhotra, the promoters intend to use the profits for building hospitals and ashrams. The company therefore charges Rs.5 as a service fee for every pouch. As a stockist says, "It is likely that consumers may not like the idea of buying *gangajal* at a profit." Again, the religious sentiment factor could be playing its part. Says Malhotra, "And in this way money would be generated on a recurring basis." Srivastava of HMW hopes to sell about 400,000 to 500,000 pouches in about two or three months and capture 10 per cent of the mineral water market in the first year. "We hope to establish ourselves as brand leaders as far as natural mineral water is concerned."

Aggressive marketing. With both companies targeting their products at the same audience, the fight is going to be tougher than one expects. To add to their concern, the bogey of competition is already raising its head. Bombay-based Sparkel Foods, which has been marketing Aquaspa, a mineral water, for the Belgian company Spardel, is now involving itself in larger measure with marketing the product in India. The company has recently franchised its Delhi operations to Ajay Kilachand, special executive of Synthetics and Chemicals Ltd.

The market is divided and the consumer awareness growing. Both the companies have their job cut out for them — aggressive advertisement and rigid quality control. Their product, they have to convince the consumer, is bacteria-free and not just plain water.

■ MAHIRA SHEIKH

CORDLESS TELEPHONES

Floodgates open

The domestic market is going to be flooded with cordless telephones, now that two Indian companies have started manufacturing them. An buyers' dependence on hawkers d in smuggled electronic goods is c to an end.

Last month, Bharti Telecom p cordless telephone in the market i around Delhi on a trial run. It too years, an investment of Rs.1 crore collaboration with Lucky Golds South Korea, for the product to h market. The company is lookin ward to a 20 to 25 per cent share total market.

Close on Bharti Telecom's heels a model from Weston Electronics which sought technical assistance Winflair of Hong Kong for prod cordless telephones in partnership Himachal Pradesh Electronics Dev ment Corporation (HPEDC). The fee to Winflair for a one time knowhov $45,000.

Good market share. Weston hol per cent investment in its venture (1 cent is with HPEDC), and already clai have 40 per cent of the market shar cordless telephones are priced Rs.3,900 per unit. With an annua stalled capacity of 100,000 units, joint venture has so far produced 30 units in the last three months.

Now, a Tata project has also gon stream. And there are many more jects in the pipeline. Zimag, a subsi of the Punjab State Electronics Dev ment Corporation has signed an a ment with a Hong Kong b electronic firm, Ponic Enterpr Zimag will invest around Rs.10 cro this project and plans to invite some vate sector company as its partner in venture.

All this has been possible becaus the change in government policies cater to the domestic market, 33 lice were issued by the department of tronics. However, only three compa — Bharti Telecom, Weston and Zi — went in for foreign collaborat while one — Tata Industries — ado indigenous technology. And it's t four who would be fighting for the panding Indian market, untouched till now.

"The potential of the domestic ma as such is quite big, but then, we sh also look towards the global mark opines M.L. Rawal, advisor, telec munication, in Tata Industries Ltd.



alisation is bound to change the market scene

s' product, made with technology oped by the Indian Telephone In- ies, Bangalore, will be marketed by Keltron. With an installed capacity ,000 units per year, the plant in kad, Kerala, has already gone into uction.

e two recent devaluations of the e have resulted in the price of cord- elephones going up even before it touch the market. "We had priced ordless telephone at Rs.3,200 but it has touched Rs.4,000," says Ra- Mittal of Bharti Telecom. But he is istic. "Once Bharti Telecom is able lise its Rs.30 lakh worth of moulds e telephones, the price will further down as it will cut the outflow of oreign exchange. For, then we will e importing the telephone cases."

he foreign market. "We are sure to ell with our Rs.25 lakh advertising et this year for the domestic mar- We are looking forward to a foray in oreign market but only when we sold extensively in the domestic et," says Kamal P. Vachani, direc- f Weston group.

owever, Rawal feels that the domes- arket will reach a saturation point some time and then the only choice e manufacturer will be to either ex- or perish. "To compete in the global et we will have to be very careful of uality of the product, have a rea- ble price tag and deliver timely." level of production is also very im- nt as it will have a direct bearing on the price per unit, not only in the domestic market but in the foreign market as well.

With liberalisation, the market scene is bound to change. All manufacturers claim that their 'sleek' instruments contain the best features and has the maximum sophistication. So, there is going to be a lot of competition among the manufacturers for a niche in the market. But, it will be the consumer who will finally decide who wins and who loses.

■ RAJESH PROTHI

TYRE TRADE

Unacceptable price hike

When the tyre manufacturers' cartel decided to hike prices by 11-20 per cent last month, it didn't reckon with the consequences of a boycott by dealers and transporters. This was because previous hikes, including two during March and November last year, had been absorbed by the industry without much ado. Since November though, the trade has experienced an overall drop in profits, and with business continuing to decline the consumers are in no position to accept a steep hike such as the current one. The All India Tyre Dealers' Federation had opposed the move to hike prices and had made a representation — though unsuccessful — to the prime minister.

Truck and bus tyres now cost 11 per cent more, car and scooter tyres are up by 15-20 per cent and tyre tubes by 20 per cent. The tyre alone constitutes about 20 per cent of the operational cost of a truck. The effect of the tyre price hike has been felt in Bombay first. About 20 transporters' associations have made representations since 22 August to all the major tyre companies as well as the dealers agitating against the price hike. N.L. Gupta, president of the Bombay Goods Transporters'Association says, "We have asked dealers not to buy tyres at the new price. In case they do, we will stop patronising them. We are not going to give in, no matter what happens." The association, which has a thousand members with trucks numbering 30,000, will undertake a *dharna* and pull trucks off the road if the tyre manufacturers do not relent.

No giving in. "There would not have been any problem if the price rise had been a reasonable 4-5 per cent," says Kulvinder Singh, secretary of the Bombay Tyre Dealers Association and partner, Central Tyres, which sells 400 truck tyres every month. He adds, "The tyre manufacturers should have hiked prices in two or three small doses, instead of such a steep hike at one go."

Tyre dealers operate on very low margins — about 5 per cent for truck tyres and 7.5 per cent for car tyres. With tyre manufacturing companies now resorting to direct sales and setting up company showrooms, the dealers feel threatened by the companies' involvement in the replacement market. Many of these dealers feel that the manufacturers are not taking them into confidence, and the sharp hike in prices seems to have only bolstered this view.



Tyre manufacturers are unperturbed

While the Automotive Tyre Manufacturers' Association claims that the increase in raw materials has made the price hike inevitable, the argument doesn't cut much ice with dealers and consumers who point out to the huge profits raked in by the tyre manufacturers. Last year, major tyre companies who account for 80 per cent of the trade had a combined turnover of Rs.3,300 crore with impressive profits totalling Rs.320 crore. In fact, the Bureau of Industrial Costs and Prices had indicted major manufacturers for arbitrary price increases. However, tyre manufacturers seem to be unperturbed by the recent developments. "The price hike was inevitable," reiterates Sahin Warsi, regional manager (west), Apollo Tyres. "In all parts of the country, dealers are already accepting tyres at the new price, except Bombay."

Tyre dealers, however, have never been a united lot and even in this agitation, they have to decide whether to toe the line of the manufacturers or support the case of the transporters upon whose goodwill they thrive. Either way, their decision could have national ramifications.

■ DEVENDRA TAK

EROS CINEMA

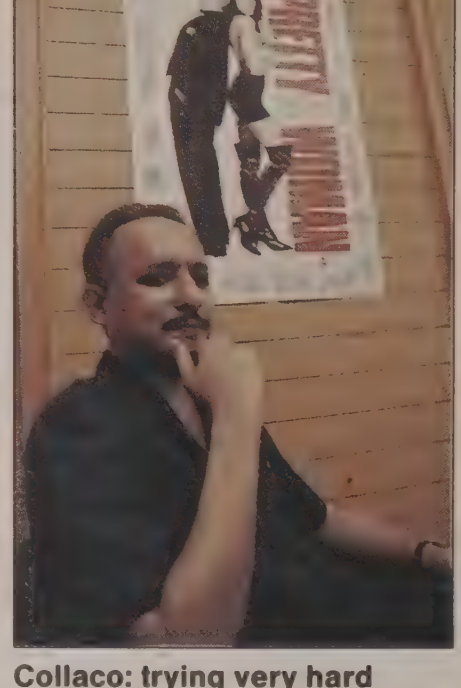
Unique selling proposition

Can the inimitable style in which movies are promoted — good marketing, merchandising and maintaining a sustained campaign — change the fortunes of a cinema hall? If the experience of Eros cinema in south Bombay is anything to go by, the answer is yes. In fact, *Pretty Woman* has had such an extraordinary long run that it has held back at least six new releases scheduled this year. It helped the next film *Tango and Cash* on to its sixth week, and also got *Hard to Kill* shifted to New Empire, another south Bombay cinema hall.

Lance Collaco, chief of Warner Bros, the American movie company, which normally releases its movies at Eros, is now faced with a unique problem — too many unreleased films on hand. Say he, "I won't be able to release many films at Eros this year."

Striking impact. The euphoria and excitement created by *Pretty Woman*, released in December last year at Eros has just about settled. Says Collaco, "We planned our strategy six months in advance and we went for it hammer and tongs." Eros today is riding tall. This record comes at a time when cinema halls, themselves in a run-down condition, are struggling to attract video-obsessed audiences. The campaigning was so effective that *Pretty Woman* ran the penultimate 5 weeks at Eros on its own steam.

In 1990, ten films were released at Eros. This year the number will surely be halved as this theatre is slowly replacing Sterling as the cinema house for long-playing films. Not since *Star Wars* hit off a jubilee run in the early eighties has a foreign film crossed 25 weeks. Oldtimers of course, will talk about *Mackenna's Gold* (45 weeks), *Towering Inferno* (40), *Sound of Music* (38) and *My Fair Lady* (32) but those were the golden years of foreign cinema in Bombay.



Collaco: trying very hard

As against an average box office collection of Rs.20 lakh for a foreign film released on the all-India circuit, the takings of *Pretty Woman* was Rs.39.8 lakh. This is clearly a runaway success of the Bombay release.

Full houses. "With all our concentration focussed on Bombay, we could not give much attention to other centres. We do not have the staff to manage that," says Collaco reeling out figures for the other centres — Calcutta (9 weeks), Bangalore (8), Hyderabad (8), Delhi (6) and Madras (6). At many of these places, the film continues to draw full houses.

The Warner Bros supremo's stints at Singapore and Bangkok earlier enabled him to see the efforts made by the American companies to roll back audiences to the big screen. At the time, says Collaco, "Coca Cola had just bought Columbia and there were all kinds of gimmick promote the film *Ghosts*." He descr how they hired a group of eight ho clothed them in white robes to look ghosts and made them appear toge in the most unlikely places in an effo promote the film.

"There is hope for English cinem India but one has to try very hard," Collaco who cites instances to show hard they worked on tie-ups. "How we link our product, cosmetics, wi hooker?" asked one of Bombay's le ing cosmetics firm — Warner had to proach others. Nine rejects later, t finally got a yes. Says Collaco prou "Who had ever hear Estelle before we leased our film? Now a household name."

For the first 20 we after the release of *Pr Woman*, Eros c ducted the Estelle F of '91 competition. T attracted college g who flocked there b to watch the movie well as be noticed ho fully and, may be, wi prize in the process. T girls chosen every we won prizes and qualif for the final competiti which was held w much fanfare.

At the final gala, like Sunil Gavaskar, Moon Moon S and Shiamak Davar played their p while Warner introduced a Pink Pant Macho Man and Pretty Woman conte This was on for six weeks.

Where Warner Bros and Eros have tually broken new ground is in the c cept of marketing and merchandisi Estelle sold jewellery worth Rs.1,800 day including trinkets and necklac The Pink Panther boutique sold clot worth Rs.600-800 per day.

Of course, its location near Chur gate railway station, the western railw suburban terminus (convenient for su urban dwellers) is Eros theatre's great asset. Its stature as Bombay's premi cinema hall is just a matter of time, b more importantly, it has fired the fi salvo for the resurgence of the Engl cinema.

■ ERVELL E. MENE



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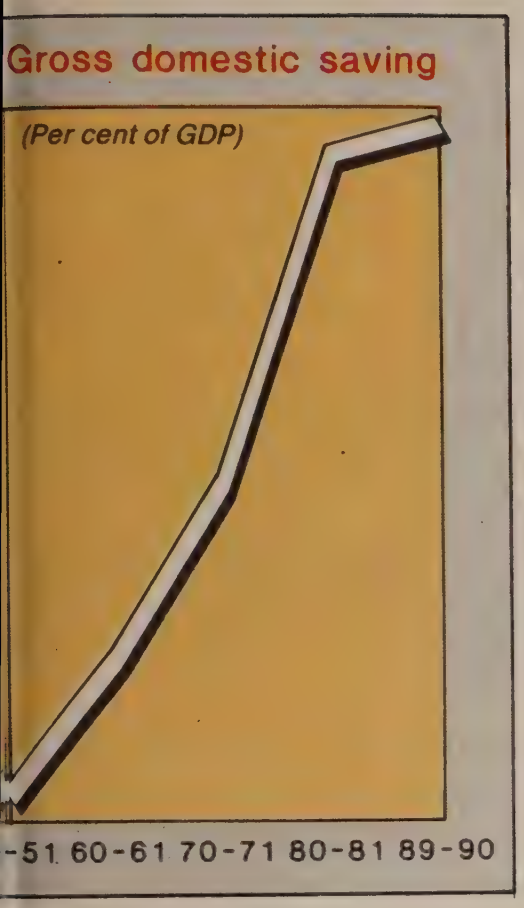
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Lufthansa

Savings-growth nexus



Countries that have, according to the World Development Report, shown a high growth rate of 6 per cent per annum or more during the period 1965 to 1989, have one thing in common — all have registered increases in the rate of savings. In view of the fact that income in India is skewed in favour of the top 10 per cent of the population, the propensity to save is therefore high. As a result, India has one of the highest savings rates in the developing world.

The gross domestic savings rate (as a percentage of GDP) increased from 10.1 per cent in 1951-52 to 15.3 per cent in 1966-67 and has now stabilised around 21 per cent. Actually in the decade to 1990-91, there has been no increase in the savings rate. In the last decade, the savings rate dipped below 20 in five out of 10 years. The bulk of the increase in savings has been generated by the household sector. In 1950-51, the household sector accounted for 7.7 per cent, the private corporate sector 1 per cent and the public sector 1.8 per cent. This went up to 11.3 per cent, 1.5 per cent and 2.9 per cent respectively in 1970-71. In 1989-90 the household sector contributed 17.8 per cent, while the private corporate sector and the public sector contributed a meagre 2.1 per cent and 1.7 per cent respectively. While the gross domestic savings has remained more or less stable at 21.6 per cent (current prices) during the eighties, the net domestic savings has actually declined from 13.5 per cent to 12.7 per cent.

Role of productivity

While savings do fuel growth, conventional theories like the famous 'life-cycle theory of savings' are not quite applicable in India because of the general poverty, high dependence on agriculture and cultural differences. Still, higher productivity, be it in agriculture or industry, does increase the propensity to save.

Another very important element in increasing the savings rate is real interest rate. There is considerable evidence to show a positive relationship between real interest rates and growth in financial savings. However, very high real interest rates could stifle investment and also lead to financial bankruptcies. Fiscal incentives, in the form of Public Provident Fund, National Saving Certificates, and life insurance, etc, have helped garner thousands of crores.

But the real challenge before the government is to boost public-sector savings, which reached a peak of 4.9 per cent in 1976-77 and since then have gradually declined. This is because the large public-sector enterprises are performing much below par, and are not generating enough resources for reinvestment in new plant and machinery. The net profit after tax of the central public enterprises was -1.1 per cent in 1980-81, but has shown a rising trend since then. In 1989-90, on a total capital of Rs.106,078 crore employed by 227 public enterprises, the return was a mere 4.5 per cent.

While savings have stagnated, government expenditure has risen. The current expenditure of the government as a ratio of GDP was up from 11.5 per cent in 1970-71 to 23.1 per cent in 1989-90. This has given rise to large revenue deficits in recent years (2.81 per cent of GDP in 1989-90). The rising revenue deficits and declining public savings have increased public debt to a frightening level, leading to higher inflation and a deteriorating balance of payments.

Clearly, there is little scope in substantially increasing household savings because they are already quite high. But there is ample scope to increase public-sector savings by increasing the efficiency of public-sector enterprises. This can be done by exposing them more to the market forces of demand and supply and greater competition. On the other hand, a stable fiscal policy would help in generating more revenue, reduce inflation and boost savings.

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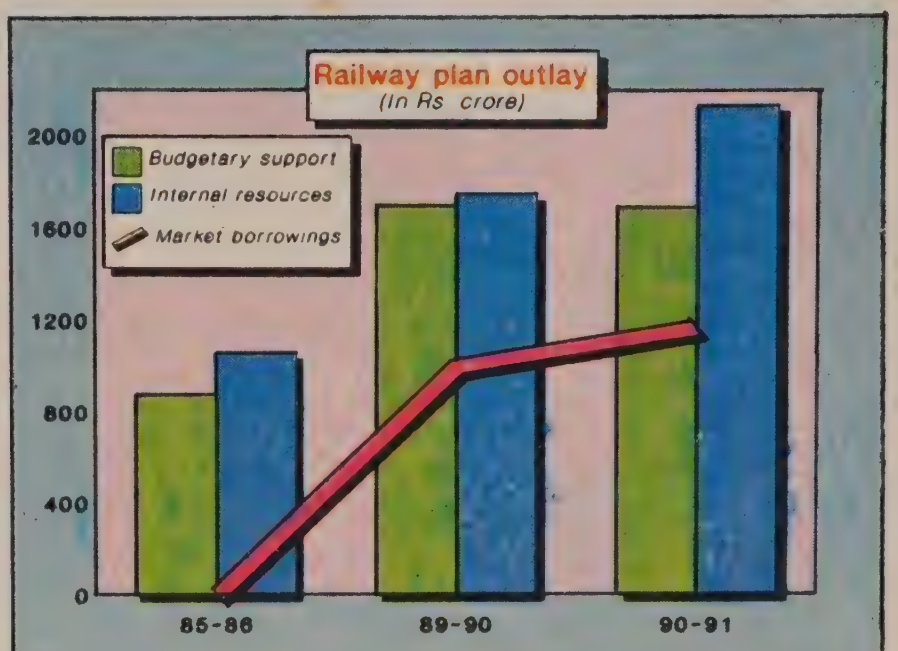
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nue earning goods traffic on railways has increased from a mere 73.2 mil-onnes in 1950-51 to 309.97 million tonnes in 1989-90. Raw materials for plant, pig iron, iron ore, cement, foodgrains fertilisers and mineral oil unt for the bulk of the traffic.



Market borrowings are slated to play a much larger role in railway finances. In 1989-90 and 1990-91, railway borrowings from the open market contributed about 23 per cent of the total planned outlay. Budgetary support on the other hand is expected to decline in real terms.

lesale price index: The wholesale price index of all com-ities was up by 4.4 per cent during the month under review. was mainly due to sharp increase in the prices of primary ucts (6.3 per cent). The index for fibres was up 12.6 per cent. e case of manufactured products, fertiliser and cigarettes up by 37.4 and 10.1 per cent respectively.

(1981-82= 100)

	17 Aug '91	15 July '91	18 Aug '90	% change over month	% change over year
mmodities	206.5	197.80	180.2	4.4	14.6
ry articles	218.4	205.40	183.5	6.3	19.0
factured products	201.5	194.40	180.8	3.6	11.4

ey and banking (scheduled commercial banks): There has a deceleration in the growth of broad money in recent ths. During the month of 23 August 1991 while aggregate sits are up 1.2 per cent bank credit has declined by 1.3 per and food credit by 7.1 per cent.

(Rs crore)

	23 Aug '91	26 July '91	24 Aug '90	% change over month	% change over year
money (M3)	*2,79,378	**2,77,744	***2,42,058	0.6	15.4
gate deposits	2,04,259	2,01,822	1,76,133	1.2	16.0
credit	1,15,892	1,17,415	1,03,325	–1.3	12.2
credit	4,517	4,863	3,523	–7.1	28.2
/deposit ratio	56.74	58.15	58.66		

*gust 1991, ** 12 July '91, *** 10 August 1990*

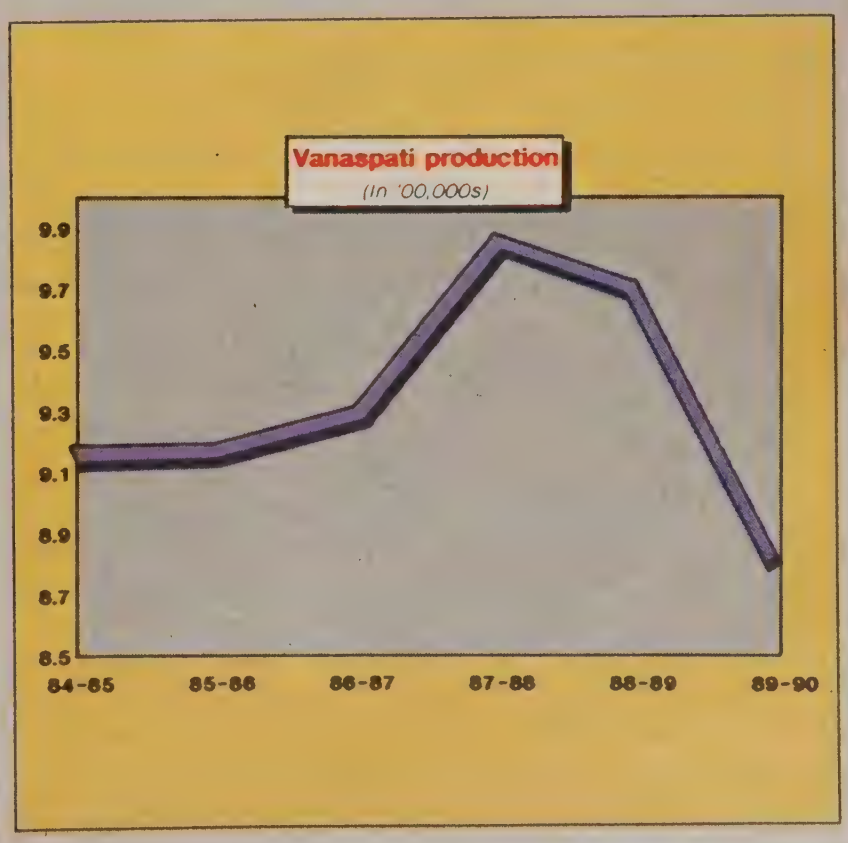
on prices and stockmarket index: While the price of silver been relatively stable, that of gold is up 3.2 per cent. The BSE tive index is up 44.2 per cent on a year-on-year basis as nst 74 per cent during the corresponding period last year.

	9 Sept '91	9 Aug '91	7 Sept '90	% change over month	% change over year
(Bombay)	4,237	4,101	3,376	3.2	25.5
(Bombay)	6,875	6,815	6,674	0.88	3.0
ndex	1,811.54	1,663.57	1,255.7	8.9	44.2
79 = 100)					

of gold is in rupees per 10 gm and silver in rupees per kg)

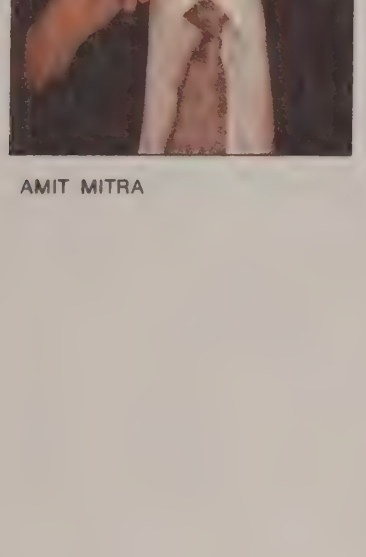
Vanaspati Industry

There are about 100 units in India manufacturing Vanaspati. However, due to certain extraneous factors, 21 are sick. Vanaspati industry has an installed capacity of around 220,000 tonnes, and its production has increased from 174,000 tonnes in 1951 to around 830,000 tonnes in 1989-90. But production has been declining over the last three years since 1987-88, the year it reached a peak of 986,000 tonnes.



The decline in production is mainly due to the fact that the supply of edible oil to the vanaspati industry has been suspended since December 1988. The industry has to therefore take recourse to the open market which is also restricted.

Lessons from Japan



AMIT MITRA

In the wake of the first serious attempt by the government to cut back the pervasive role of the state in India, some economists and journalists of the *left* have suddenly begun to 'discover' the central role of the state in the economic development of Japan, Taiwan and South Korea. Not so long ago, these nations were portrayed as the back yard of western neo-colonialism. Today, we hear that it is 'state planning' and aggressive state intervention that has transformed these East Asian nations into world class players. This questionable line of argument could unwittingly find common cause with vested interests which are eager to stop the process of liberalisation of India. For this reason, it is important to carefully examine the *real* role of the state in each of the cases in East Asia and reflect on the policy needs of our economy.

Let us analyse the case of Japan, reaching into its past and rethinking the role played by such legendary organisations like the ministry of international trade and industry (MITI). Modernisation of the Japanese economy began around 1868. The state took the responsibility of building the infrastructure and agricultural experiment stations, a role that is fully acceptable to market economics.

PSUs disposed of

However, it also began to establish iron foundries and coal mines etc in the public sector. But soon, the government realised the mistake of encroaching on the private domain and in 1882 it conducted *the first ever case of privatising public sector undertakings.* The PSUs were disposed of '... at prices low enough to attract ready buyers'. "Through the early decades," concludes an eminent scholar of Japan, "....business interests, both large and small, were left comparatively free to develop most fields of industrial and commercial enterprise with little direct competition and regulations by the state".

However, the government concentrated on human capital formation instead, promoting education and training. By the turn of the century, 5 million Japanese children were receiving primary education and by 1903 over 240 technical schools had been initiated. Contrary to Japan's image of resisting western ideas, it unhesitatingly drew on the French model of primary education to set up its own system.

Now let us turn to the recent period ar popular perceptions on the role of the One would be surprised to learn that MI *not* want Honda and Mitsubishi to build and did *not* want Sony to purchase Ame transistor technology. Defying the wish MITI, the private companies went ahead these ventures on their own steam. The re of this defiance need no elaboration.

Enough to rethink

Furthermore, other successful industri Japan such as cement, paper, glass, bic and motorcycle did not receive much a tance from MITI either. Curiously enough two industries which did receive MITI's fu tention — ship building and aerospac have remained major disappointments Japan. While these examples do not cap the entire picture, they are enough for u rethink the supposed role of the MI Japan's current industrial successes.

Returning now to the context of redu the role of the government, one must rem ber that market economics assigns many r to a modern state. The state is expected t duce the transactions cost of the private a through the establishing of unambigu rules on contract and private property. expected to tackle private monopolies, b infrastructure, invest in human capital, br information gaps in the market place, keep alive an economic safety net.

When judging the role of the state in Ja or in India, one must use these mainstre criteria. In doing so, one will find that state in Japan remained fairly close to above criteria from 1882 onwards (with so exceptions during the period of the Sec World War). Unfortunately, the state in In strayed far beyond the boundaries laid do by modern market economics, and the curr reforms are merely attempting to bring In back to the normal course.

One key lesson for us from Japan's exp ence is to shed our historical and social pre dices against private economic activity, a direct government policy towards a heal partnership between the state and private terprises. The other is to take advantage global opportunities in the realm of ide technology capital and trade. Japan's histo successes epitomise both these lessons.

The author is director, policy unit, of Business India *and former director, Centre for Asian Studies, Franklin & Marshal College, US*

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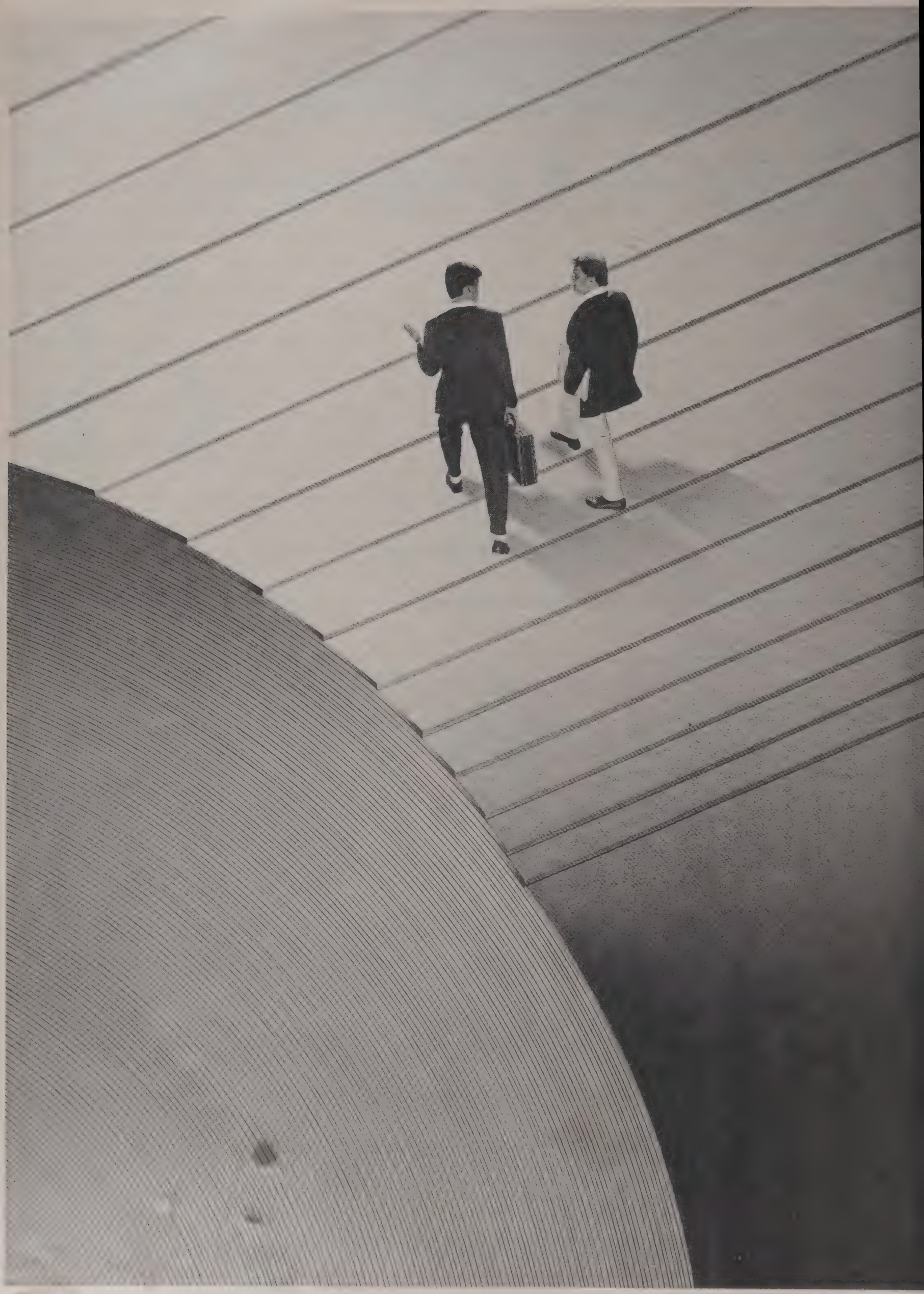
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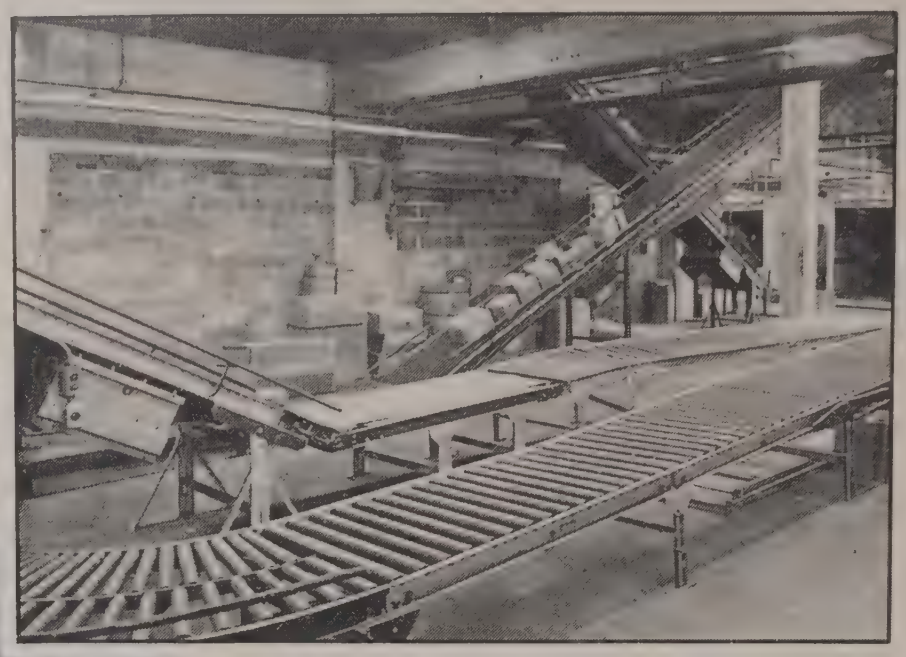
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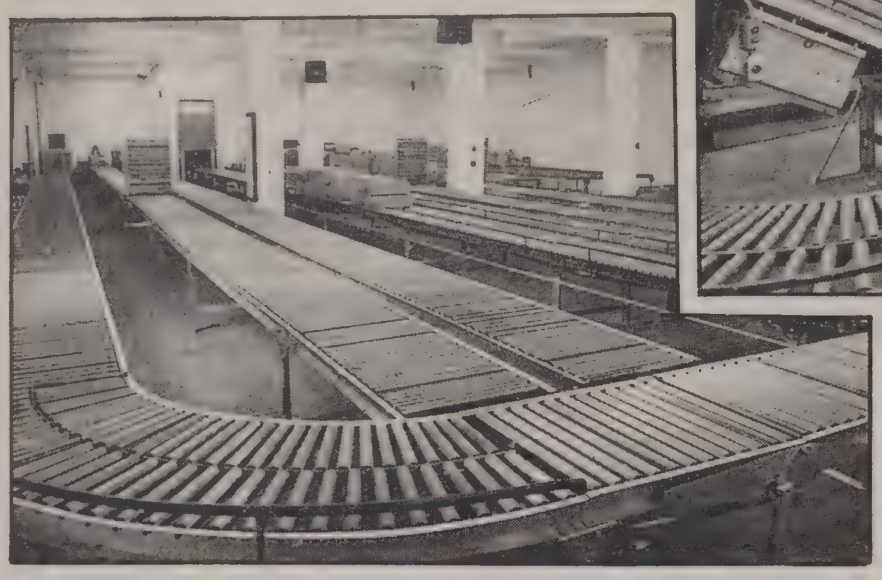
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Carrying ideas to their fruition.

ardly a ripple

obably is the first time that an n prime minister on a trip abroad o coldly received. Prime minister simha Rao, on a recent visit of



many, was not greeted at the airport hancellor Helmut Kohl or any of inisters. The German government itched the Deputy Chief of Proto- – who must be an officer equivalent nk to that of joint secretary to the rnment of India.

so, Kohl did not call on Rao at all. of his ministers kept the Indian e minister company at dinner and fast respectively. It was not until ext day that Rao could meet Kohl. same evening, a press conference held, the venue of which was ded with Indian journalists. There not more than a handful from the nan media — some among them walked out after sometime.

o's visit hardly attracted the atten- of German television. He was n for 10 seconds on the second day visit, that too on the last news spot .30 pm.

bjections stained

the recent liberalisation brought t a dramatic change in the attitude e bureaucracy? The reader may as judge on the basis of this incident ring after the Indian dairy associa- held a conference in the capital last ight. Dairymen from all over the try expressed concern at negative de towards the dairy industry. The was the finance minister's delicens- f this industry which meant that the peratives sponsored by the National Dairy Development Board and those in the private sector will compete with one another.

Minister for agriculture, Balram Jakhar, however, assured the delegates that all the recommendations of the conference will be considered seriously. The only hitch, as it turned out, was that as a cabinet minister, Jakhar could not address a letter to P.J. Kurien who holds the industry portfolio, but is a minister of state! And letters across the government fabric can apparently travel only laterally or upwards, downwards.

The problem was finally circumvented by requesting agriculture secretary R.C. Kapila to write to Suresh Mathur, his equivalent in the industry ministry. It was now Mathur's turn to reverse the entire process — the industry portfolio being held by the PM himself, seeking a change in the industrial policy would require a review of the entire cabinet.

Clean-up man?

In Delhi's *darbar*, where empire building is a favourite pastime of the upwardly mobile, fortunes can be made or broken in a moment. A good example of this is Jairam Ramesh, an engineer turned economist who, a few months ago quit a government job at the Planning Commission to work for the Congress party, (along with mentor Sam Pitroda).



When the Congress party was elevated to power, sure enough the plum post of an officer on special duty in the prime minister's office landed on him. Just two months later when Sam Pitroda suddenly fell from grace, this signalled the end of Jairam too. He has been shunted back to the Planning Commission.

Postscript: the official version however, is that Jairam has been sent to clean up Yojana Bhavan which is in a mess.

Balancing act

Like anyone else, the commerce ministry has little indication of the happenings in the Soviet Union or the possible consequences this will have on the rupee denominated Indo-USSR trade. Says an official in the ministry, "It will take us at least a month to evaluate the possible implications and, of course, much will depend on the nature of the new treaty that all the states in the USSR sign."

Future policy will involve the balancing of certain core items like fertilisers, crude oil and essential chemicals that we import with commodities like tea, coffee and consumer goods that they export. The rest, according to the commerce ministry will be left for the private sector to deal with.

Besides, exporters to the Soviet Union eligible for import replenishment at the old rates until 31 December this year will be awarded rupee replenishment at the rates prescribed by the new export-import policy.

Of good stock

Are our bureaucrats educated in Harvard, Cambridge and Sorbonne? One would not think so, considering that the basic requirement for recruitment to the IAS is a plain degree. But prime minister Narasimha Rao appears to think otherwise. When questioned by a group of German industrialists on how he could prevent bureaucrats from scuttling the reforms he has introduced, Rao offered many reasons to explain why this would not happen. One was that the bureaucrats being educated at Harvard, Cambridge, etc were modern in their outlook and will have no incentive to do so.

Interestingly, Oxford-educated commerce secretary, Montek Singh Ahluwalia, was with Rao on the dais. Perhaps our PM has begun to think that all bureaucrats are of the same stock as Montek.

Tailpiece: The latest rumour, doing the rounds in New Delhi and apparently reliable, is that Gopi Arora, currently director of IMF operations in India will return next year, after India has secured the IMF loan, to assume charge as cabinet secretary — the top civil service job.

Faces of the

A new generation of tycoons are being groomed to take over the rei of their fathers' businesses. Most of them, unlike their fathers, are highly educated and are now being put through the paces in preparation for their upcoming roles as the royalty of Indian busine

It's Saturday night at 1900s, Bombay's elite discotheque. Amidst the glitterati, some obviously rich and seemingly carefree young people are rocking to The Doors. The conversation — little that there is of it over the high decibel levels — skirts around fast cars and last summer's European holiday.



Photos: Palashranjan Bhaumick

Chhabrias: it was given on a platter

Later, when they are winding down though, the conversation switches to production problems, stockmarkets, petrochemicals, electronics.

For these are no ordinary sybarites — come Monday morning and they are back on factory floors and plush offices, running companies worth crores of rupees and taking decisions affecting hundreds of people; t are the future royalty of Indian business.

And while everyone is talking about changing equations in the Indian econo another metamorphosis is taking place v out much fanfare. The Birlas, Thap Singhanias, Khataus, Bajajs, Dalmias Kilachands, to name just a few busi houses, are paving the way for the next ge ation to take over — a generation which longs to the era of the microchip and MI generation that spouts, in heavily accen tones, the jargon picked up from Ameri business schools.

Thanks to the circumstances of their b and the legacy of earlier generations, th young inheritors — most are in their twen and thirties — are being groomed to head dustrial empires at an age when most peo are just dreaming about the corner office a company car. Many of them are not yet c fident about talking to the press; and others could not be contacted. So a repres tative sample of inheritors served as spok persons for their peers.

In a country where family run busines are a predominant feature of the indust structure, family management, professio ism notwithstanding, will continue to prev "The Tatas are considered the epitome of p fessionalism, but it is Ratan who takes o from JRD," points out Priya Paul, who at heads the Rs.10-crore Park Hotels chain. elder of two daughters, she was the obvi choice for the top slot after the tragic mur of her father, Calcutta-based industria Surrendra Paul, younger brother of tycoon Swraj Paul.

The succession issue is not called to qu tion even by senior professional manag working in family-owned concerns. doesn't upset anyone. I've been around sinc was a kid and everyone knows that I'm go to take over some day," says the cheru

uture

ɾav Ghai, the 23-year-old son of lity's Ravi Ghai. He learnt how to make ɾeam at an age when he should have been figuring out how to wangle out his next Gaurav, who once grew a beard to look , was instrumental in setting up RG's, bay's latest exclusive nightspot.

deed, the 'conditioning' starts from child- , what with the conversation almost ex- ɾely centered on business, often starting ɯe breakfast table. Priya spent hours hing her father run the business since she en.

ɯutam Singhania, younger son of ɾpat Singhania, horticulturist, aviator kingpin of the Rs.400-crore Raymond p, spent his school vacations training at actories. And over the years, the *chhota* becomes a familiar sight and gains ɔtability among other employees.

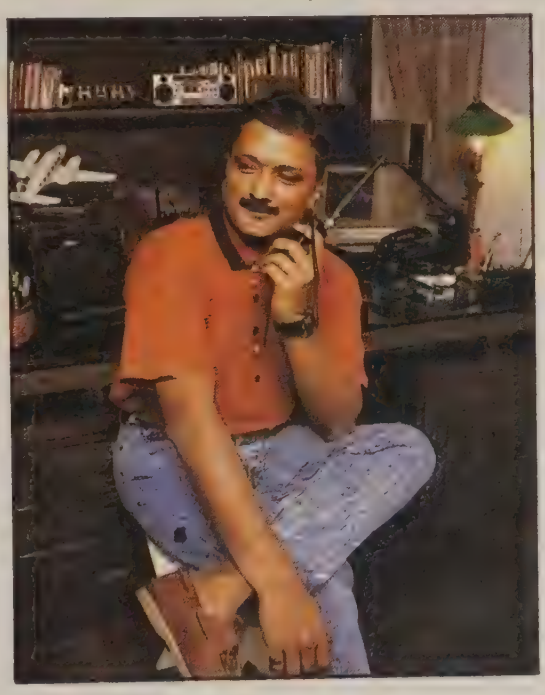
ɔne can deny that they were born lucky. have been given everything on a golden ɐr — our parents had to work their way without any support," admits Deepak abria, son of K.P. Chhabria, general ager, production, of the Pune-based ly company Finolex Cables Ltd.

ɯt the charmed life has a host of respon- ties and expectations attached. Science ɔn nut Gautam Khandelwal wishes he d have finished his Master's at the Lon- School of Economics — but the early de- of his father Premnath brought him back in his uncle Mahendranath and cousin v in running the closely held Khandelwal up (flagship company: Khandelwal ɔ-Alloys).

contrast, Prakash Chhabria of the Fin- group, could hardly wait to get back while doing his bachelors in international business at the Indiana University, US. And when he did, Prakash spent over a year in the grease and dust of the shop floor. Now he is general manager, administration, while cousin Vijay, is general manager, commercial of Finolex Pipes. There are no fancy designations as yet for the Chhabria boys.

Sajjan Jindal, fresh out of engineering college in 1983, was handed Jindal Strips, then small and ailing stainless steel unit in Bombay. "I had no experience, no management team — I'd work 18 hours a day and yet the unit made losses," he recalls. It took four years of struggle before he phased out stainless steel, started a cold rolling plant, and despite his father's sceptism went ahead and designed what is now known as one of the lowest cost galvanising plants. The second son of O.P. Jindal and admitted "squash addict", Sajjan is joint managing director of the Rs.280-crore Jindal group and heads the western region operations; brother Ratan handles the northern region.

Such a baptism by fire is rare, but that may be related to the fact that the older Chhabrias and O.P. Jindal themselves came up the hard way, and as first-generation entrepreneurs do not take their success for granted. Nor would they like their children to.



Madhupati Singhania: well in control



Shyam Kothari: keeping in step with change

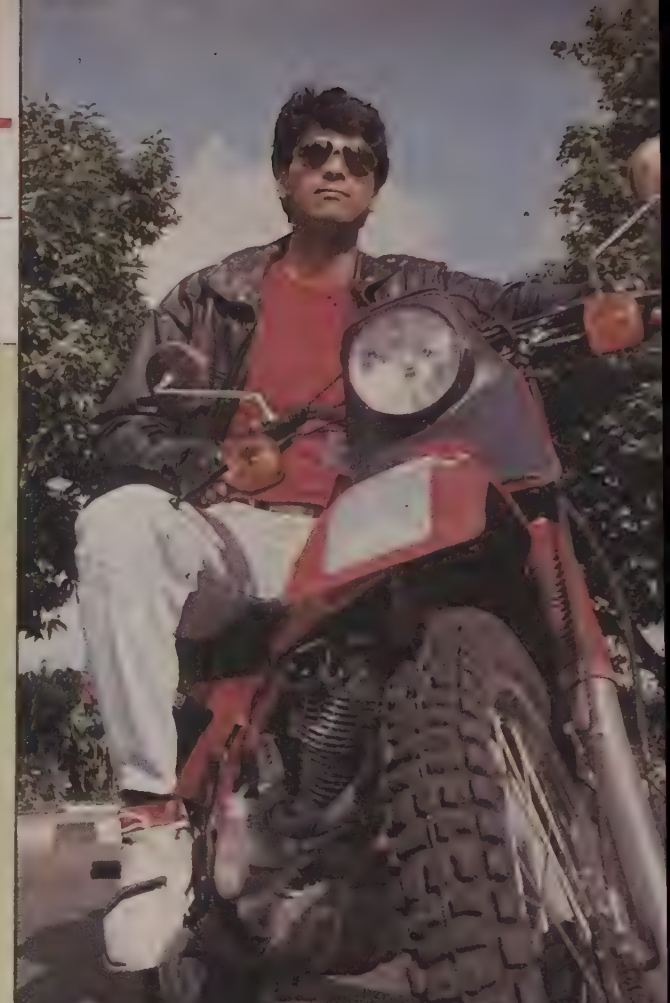
eep Garware: hoping to shape up

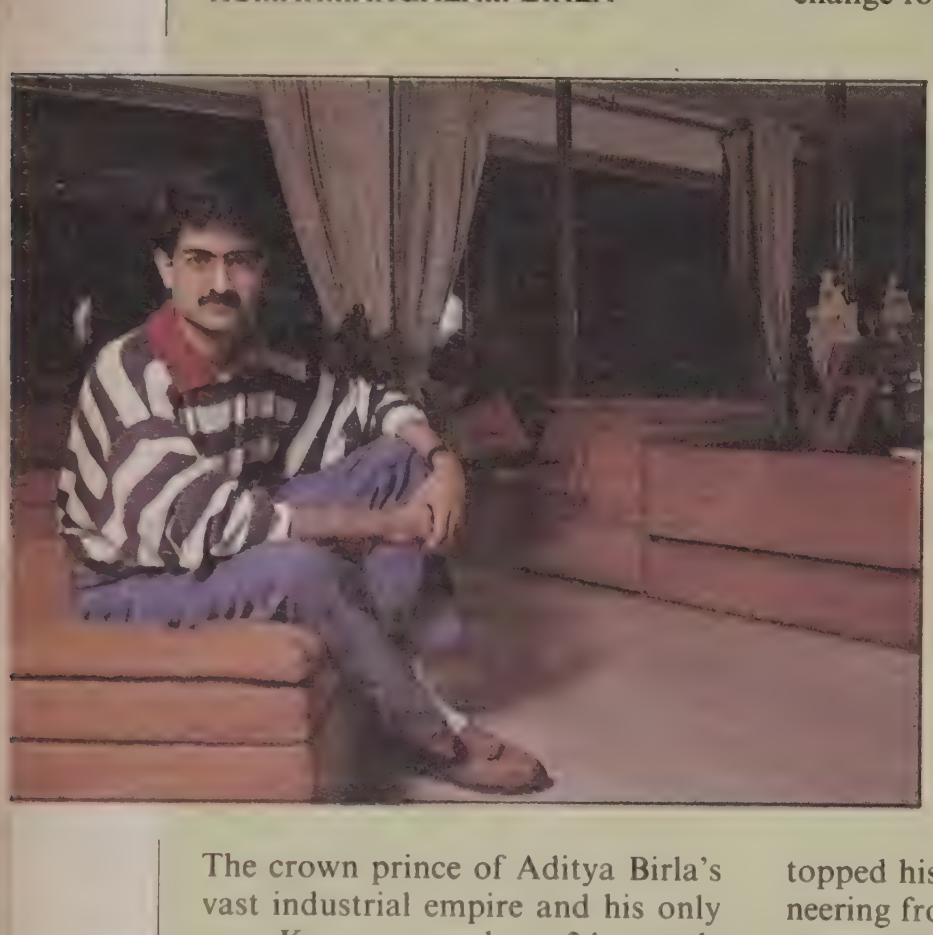


New kids on the block

Until yesterday they were ordinary kids of the M.C. Hammer generation. Then the family business beckoned. Loaded with American degrees, denims and dad's backing, the young tycoons of tomorrow are bubbling with self-confidence.

Some are feeling their way around. Others are trying out their own ideas. But all of them are taking their first tentative steps on a path that inevitably leads to the boardroom. How are they coping and shaping up? Business India *talked to a few new kids on the block.*





KUMARMANGALAM BIRLA

The crown prince of Aditya Birla's vast industrial empire and his only son, Kumarmangalam, 24, stands out from his contemporaries. There is no brashness; instead there is the Birla stolidity and level-headedness. "I'm really a very boring kind of person," he says. But he knows he has to prove his mettle and come out of the shadow of his father's towering personality.

Kumar is keenly aware of, though not overawed by, the expectations surrounding him. At present, he is halfway through an MBA at London University; his involvement in business is still marginal. A commerce graduate and qualified chartered accountant, Kumar spent a year after graduation looking after operations at Vikram Cement and the caustic soda division of Grasim, as well as setting up two small specialised chemical units for Grasim. In major policy matters, he says, he was just a spectator.

After his MBA, Kumar will be back at Industry House, the Birla group's headquarters in Bombay. There are no grandiose dreams, no schemes to bring about change for its own sake for he displays a healthy respect for the traditional Marwari systems. He is quite clear on his future course: "My role would be to dovetail with the growth route of the organisation which is poised to go global." He believes his MBA, which gives him a "helicopter view of business", should be invaluable.

RAJIV BAJAJ

As educational credentials go, Rajiv Bajaj's are as impeccable as his pedigree. The older son of two-wheeler tycoon Rahul Bajaj, has been a topper all his life. He topped his year in mechanical engineering from Pune University, spent a year training at Telco, and went on to top his masters course in manufacturing systems engineering at Warwick University in the UK. A PhD he's working on, in Japanese automobile manufacturing techniques, currently has Rajiv shuttling regularly between Pune and Warwick.

In the meanwhile, in a corner at Bajaj Auto's Pune plant, a small but significant experiment is taking shape. Rajiv, along with a team of engineers, is trying to transplant Japanese concepts like just-in-time and supplier integration onto Bajaj Auto's decades-old manufacturi systems — no mean task that. Rajiv interacting with supervisors on t shop-floor, for change "needs bottom-up effort", he says.

Rajiv is all praise for his father "dedication to a focused cause". A for himself and his brother Sanjiv, h says, "We're still on the learnin curve."

TANYA GODREJ

She could as well be modelling for th soaps she markets. But Tanya Goc rej, the eldest daughter of tycoon Ac Godrej and high-profile interior de signer Parmeshwar Godrej, wa faced with a choice between he mother's profession or her father' business. "Since I'm not keen on de signing other people's homes, I de cided to give my Dad a try," she says

An economics graduate from Brown University, US, the 22-year old Tanya is now brand manager fo Godrej Soaps' premium soaps. In th last six months, though a little fazed by the "enormous scale", she's beer "trying to get the hang of things by dabbling in various departments".

For Tanya, her present job is essen tially a stop gap. "I'm getting the re quired job experience for admission to a US business school," she admits That MBA degree is crucial to help her establish credibility with the nu merous MBAs that the Godrej group recruits every year. Tanya's future plans, however, are nebulous. Godrej



caps, though, is definitely out ecause, "I'm too much in awe of my ther". She would rather do her own ning "even if it is a small project"

ARTHIV KILACHAND

e's just spent a year computerising ie operations of Polychem Ltd, the s.114-crore company run by his fa- er. Parthiv Kilachand, the only son Tanil Kilachand, opted for a ourse in electronic engineering from rown University, US, even though



olychem is into chemicals, because rganic chemistry wasn't my cup of a". Back home, he skipped the shop oor and opted for the keyboard. "I d to find out how every depart- ent worked, to computerise the op- ations," he says.

Now, he is in the midst of setting up a new project, a joint venture with the Gujarat Industrial Investment Corporation and AVX of the US. It marks the group's first foray into electronics and engineering plastics; that suits Parthiv perfectly.

YUDISHTIR KHATAU

When American-educated Yudhishtir Khatau, Dilip Khatau's son, returned home in January this year, he brought back not only a bachelor's degree in economics and finance from Wharton but also "a certain frame of mind". First on the agenda was getting a PC on his desk and then, gradually, making sure that they proliferated throughout the office at Cable Corporation, the company in which his family holds a controlling interest.

Yudhishtir has spent the past few months going through his paces at Cable Corporation. By year end he should have completed the rounds of the factory, the sales and finance departments.

He's had a mentor at every level and a lot of "guidance, but not interference" from other family members. Does the entry of new blood upset older employees? "Not if you respect age and don't go around waving your Wharton degree," drawls the Khatau lad.

The hand-it-over-on-a-platter attitude, is however, more prevalent. A phalanx of stalwart managers usually take the younger lot through their initial paces. Designations are generously doled out and sometimes even the cash for a grandiose venture.

While he may have the right name, Jaideep Garware admits that he lacked business acumen. "I went all wrong," he says of his much-publicised supermarket venture which has been struggling to stay afloat. Jaideep's biggest regret is that he didn't work his way up the ranks at Garware Paints, the family company run by father Chandrakant. Jaideep, who is heavily into body-building, is now learning the paint business, and trying to recoup the supermarket's losses. "At 23, I was calling the shots," he says. Now a much wiser Jaideep is learning to listen.

Family pressures to join the business coerced rallyist Sanjay Kilachand, Suresh Kilachand's second son, to drop out of college. "Today I feel I shouldn't have," he says ruefully. After helping orchestrate the expansion of the family flagship, Rs.140-crore Synthetics and Chemicals, the outgoing Sanjay is now enthused about diversification — plans are to take over an edible oil project in Sikkim. Not surprisingly, younger brother Ajay, who has a diploma in business management, looks after the company's factory at Bareilly and the group's trading activities.

Twenty-six-year-old Gautam Singhania, another racing enthusiast, has learnt a lot from the experience of the ill-fated *The Indian Post*, which was his baby. "I had so many plans," he recalls wistfully. Now in charge of Raymond's expansion at Chindwara, he's also preparing to launch a new product, a condom called Kamasutra. This time round, he has made a very careful study of the market.

Being the younger one, Gautam perhaps was given more leeway. Older brother Madhupati, who takes after his father in his interest in flying and is an accomplished ham operator, came in for a more rigorous upbringing. When he returned from the UK in 1982 after dropping out of his A levels, he was sent off to look after the group's nascent cement division "in a remote area near Bilaspur, miles from civilisation". After

five years in the wilderness, he'd helped set up what is now recognised as one of the most efficient and productive cement plants, and returned to Bombay to take over Raymond Synthetics, the group's PFY project.

As times change, the premium now is on education, preferably foreign, with professional qualifications being considered an imperative. While it may seem quite natural for the sons of an Aditya Birla, himself an engineer from MIT, or a Harvard-educated Rahul Bajaj to be highly qualified, even graduates of the learnt-through-experience school are beginning to get degree conscious when it comes to their own children.

Narayan Mulchandani, son of J.R. Mulchandani of Bush India Ltd, has a curriculum vitae that would turn any self respecting yuppie green with envy. An electrical engineer with an MBA from Cornell, and two years' work experience with Intel Corporation and California Microsystems, he is now overseeing the company's export effort.

Similarly, Sohrab Sonawalla is an IIT graduate, with an MS from the US — besides being a sitarist. Sister Paula is a painter by inclination but no less qualified — she holds a Master's in application chemistry from Stanford. The children of technocrat Hemant Sonawalla of Hinditron Ltd can't envisage trying to run things without specialised technical training. While Paula has just submitted a project report for fibre optics products, Sohrab is now program manager, western and eastern regions,

Gaurav Dalmia: learning by degrees



of associated company Digital Equipments (India).

Delhi-based Gaurav Dalmia, son of M.H. Dalmia and vice-president of Orissa Cements, is an electrical engineer — with a degree from the Salford University, Manchester, UK — and an MBA from Columbia. He was a director with the English company Doltan International, and has worked with Alan Bradley in India as a project manage a year. "Although business quali tions may not be essential to head a ily business, it helps to broa individual perspectives," he says.

Competitive considerations apart creasingly, professional manager teams are being put into place. Wit skills that measure up to professi standards, it can be tough going. "A

Preaching to papa now

Six years ago, when we wrote about them (Cover Feature, 10 February 1986), they were trying on daddy's shoes. Today, the likes of Harsh Goenka, Ajay Piramal and Mukesh and Anil Ambani need no introduction. Though only in their thirties, they have emerged as businessmen to be reckoned with. Going down memory lane, some of these not-so-young inheritors take stock of their deeds in the past half decade.

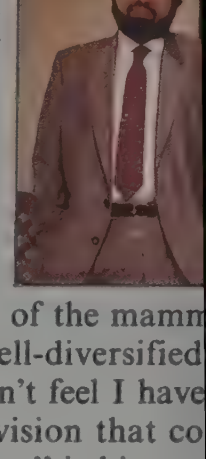
NIRAJ BAJAJ



For someone who claims to be low on ambition, Niraj Bajaj hasn't done too badly. The youngest of Ramakrishna Bajaj's three sons, Niraj quit table tennis at his career peak to sweat it out on the shop floor. By 1986, he'd finished his stint as underdog at Bajaj Auto and Bajaj Electricals and was general manager at Mukand Ltd, the Rs.550-crore company owned jointly by Viren Shah and the Bajaj clan.

Five years down the line, he is executive director, sharing the responsibility of running Mukand with Rajesh Shah, Viren Shah's son. His main interest right now is in exports of specialised and leaded steels to hard currency areas. "It was very difficult to break into these markets, but we're managing. In three years, we're aiming for Rs.100 crore in exports." Niraj, who has a "head for figures", is also the family's portfolio manager and in charge of the group's investment and leasing companies. He keeps track of the 45 family-owned charitable trusts, tax payments everyone's personal investment says, "There are many smart p around who are as good as me. the advantage of being born wit right name."

HARSH GOENKA



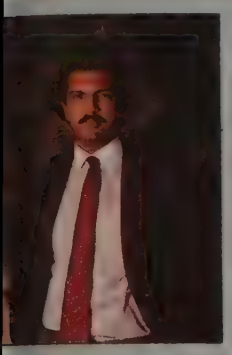
From being the young, untried managing director of Ceat Ltd, Harsh Goenka now has the serene confidence of one completely in command. At 32, he's the chairman of the mamm Rs.2,200-crore, well-diversified Enterprises. "I don't feel I have kind of business vision that co with experience yet," is his mo self assessment.

However, Harsh has developed own style of running things. He courages decentralisation and pro sional managers run indivi companies. He works on new p jects, organisational restructur and long-term strategy. "Until n our growth has been more opp tunistic than strategic," acknowledges.

Harsh has inherited his father R Goenka's legendary appetite takeovers but not his aggressive a tude. He is a lot more conservative the future he foresees himself en ing new businesses not via the ta over route but with greenfi projects.

ANAND MAHINDRA

Five years ago, this publicity-s Harvard-educated Mahindra sc had said to *Business India*, "I am here to carry on family control an



my future in this company depends entirely on my ability to perform." And perform he has, ridding himself in the process, of his shyness. "I've anaged to realise some of the pro-cts I was dreaming about then," says.

When he joined Mahindra Ugine eel Co Ltd in 1981, the company as in the red and struggling to stay loat. Working his way up from ecutive assistant to commercial rector, Anand was instrumental steering MUSCO out of troubled aters and initiating new projects e Mahindra Days Hotels & Re-rts and a real estate development oject, Anand's other pet dream. th are now on stream.

Earlier this year, the uncertainty er who would inherit uncle Kes-b Mahindra's empire was settled hen Anand moved in as deputy anaging director at Mahindra & ahindra, the flagship company. ese days Anand is trying "to get a ip on his new responsibility", nctioning, typically, out of the ctory at Kandivli. He continues as sco's vice-chairman, but the sys-m he set up there "can function ef-iently even without me", he says. fter all, professionalism is a Ma-ndra trait.

ANKAJ MEHRA

e heir apparent to the Orkay em-re had confidently proclaimed e years ago: "I know I'll be head-g this company one day." The avado is gone today. Orkay, once favourite among investors, has never had it so bad, what with sliding profitability, a takeover threat and scuttled diversified plans.

Pankaj's designation remains the same but he says it's not quite status quo. "My responsibilities have increased, not quantitatively but qualitatively," he explains. Production and new projects constitute his portfolio — daily decision-making, of course, is left to professional managers.

With the recent policy changes, Orkay's plans have been re-kindled and the project department is buzzing once more. "The new industrial policy will unleash 500 tigers," Pankaj enthuses, revealing a glimmer of his old exuberant self.

AJAY PIRAMAL



Some people never change. When Ajay Piramal, all of 24, was inducted into the board of Morarjee Mills, his first love was polo. The sudden death of elder brother Ashok catapulted him into the chairman's cabin but Ajay continued with polo.

He still plays the game. Today, however, at 35, his stature in the corporate world has changed dramatically. Morarji Mills turned around last year while Nicholas Labs, bought over a few years ago, has emerged as one of the fastest growing pharmaceutical companies in India. "A lot of changes have taken place, and things are still changing," he says. And as one of his own managers says, "He is an aggressive businessman, no doubt, but he is also a thorough gentleman."



Pradeep Dhoot: small-town man with big-league dreams

Cousin Hiten Khatau, managing director of Carona Ltd, faced the same problem. After learning how saris are woven, he had to pick up the threads of manufacturing shoes. Under him, the image of Carona has changed dramatically. After the tie-up with Puma last year, Hiten is buzzing with ideas — exports, sportswear. Since father Abhay Khatau has retired, Hiten and sister Brinda, who runs Khatau Industries, are fully in charge.

A stray few hold the old view and put a premium on work experience. Kamal Vachani, director of Weston Electronics and son of Sunder Vachani is one such, "The will to work and dedication is of prime importance," he swears fervently. Kamal finished college as a private candidate and spent over a year behind the counter of a music shop in Delhi before he took charge of the company's printed circuit board plant.

Undoubtedly, the young ones are still too young to have developed their own distinctive management styles but they prefer a more relaxed and informal approach in dealing with their colleagues and employees. The catch words for the younger breed are decentralisation and HRD. Bhadrashyam Kothari, managing director of Kothari Sugars and Chemicals and H.C. Kothari's son, feels that his generation has less qualms about recruiting professionals and allowing them the latitude to take decisions.

When, for instance, the soft spoken and reserved Uday Kilachand, 30, was given Synthetics and Chemicals after his

n knowledge of the business is a — otherwise no one respects you," Anil Khatau, director in charge of ations at the Rs.31-crore Varun ping Ltd. And he should know.

nile the Khatau family was split-Anil was in the US getting a degree xtile management. When he re-d, there was no textile company to thanks to the split. His father Kishore Khatau had aligned himself in uncle Dilip's fold, with the textile mills on the other side of the divide. "It took me almost three years to understand what shipping was about," he recalls. Now his company is on the verge of expanding its fleet. And his wife Naomi's concoctions, which are served at Just Desserts, do better every day, what with Anil serving as unofficial taster.

father Suresh Kilachand and his uncles split, one of his first priorities was to develop human resources and set up a professional management team to reduce family control. Uday is now executive director of the company.

Their attitudes towards business tend to be perceptibly different as well. Change is one factor that they are all too aware of. With foreign investment and privatisation looming over the economy, hitherto complacent business giants will have to gear up to face invasions into their territories. Most of the younger lot are aware of, though not prepared for, the new paradigm. "The business environment is changing so rapidly, we have to be on our toes all the time," says the 28-year-old Shyam Kothari.

Many seem quite taken in by the concept of the lean, mean organisation, and emphasise the competitive, market-oriented business approach. "My father was strictly a production and finance man. In those days, it was a seller's market. Now my focus is on marketing," says Gautam Khandelwal.

Almost all of them have hi-tech visions, a result no doubt of their stints abroad. A few years at home will teach them to be pragmatic about implementing technology indiscriminately; but they are more than keen about it.

But perhaps the most significant change amongst the younger industrialists is their attitude to borrowings. They would rather take the equity route to growth than sacrifice expansion for retaining control. "My brothers and I had to convince our father to take Jindal Strips public — but it was essential for growth," says Sajjan Jindal. As a consequence, today, decisions are no longer taken at the dinner table.

Pradeep Dhoot, youngest brother of the Venugopal Dhoot of the Rs.700-crore Videocon group, is perhaps the best example of the transition that family businesses in India are going through. The ambitious, determined Pradeep belongs to an entrepreneurial family, new to the big league. Having come from a small town background workaholic Pradeep regrets that he didn't get the opportunity to go to engineering college. "I've realised that our style of functioning was too dependent on the family — my stress in the past few years has been on man-management," he says.

While they are all looking to new ways of doing things, the question is: are their values as different from the older lot's as their methods? Gopal Srinivasan, 32, joint managing director of the TVS group's Sundaram Clayton Ltd, and Venu Srinivasan's younger brother says he would never give up the family's core values. True, the paternalistic approach has made way for a welfare-driven one, but total integrity continues to be the golden rule. Gopal says, "We believe in following the law scrupulously, not breaking any rule".

Hrishikesh Mafatlal, managing director of Mafatlal Industries, shares the same view as his father Arvind Mafatlal: "We are the trustees of our company and we have a responsibility to shareholders." That goes pretty well with his strong spiritual bent of mind.

The lessons no doubt have been imbibed well. But whether the current crop of young corporate czars have the same pioneering vision as their father, is a query for the future. Some, by virtue of the positions they hold, like Kumar Birla and cousin Yashovardhan (the late Ashok Birla's son) will no doubt be in the front ranks. But many of the others will have to prove themselves. Those who don't quite cut it will fall behind. The coming shakeout will separate the men and women from the boys and girls.



Gopal Srinivasan: new milestones

■ SUDESHNA SEN and NAAZNEEN KARMALI with RAHUL SHARMA in Delhi, VANDANA MALIK in Bombay and bureau reports

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C STRIKE

ire implications

ndefinite strike at ONGC, following the killing of an engineer by A militants, has the makings of a disaster for the country's already guered economy

e sad and brutal killing of ONGC's nior executive engineer, T.S. aju, on 8 September by ULFA nts in Assam cannot be condoned. nlights the Centre's almost distant de to the plight of the abducted employees, and also constitutes a nation of a long litany of woes pla- the country's largest petroleum producing company. Raju's death red a nationwide strike by the As- iion of Scientific and Technical Of- (ASTO), ONGC, resulting in all oil and illing and producing operations g to a halt from 9 September.

Trouble at the Oil and Natural Gas Commission is not too unfamiliar a story. Oil output dropped dramatically by 4,098 million tonnes in 1990-91. Then followed the controversy over the Bombay High review committee's report which blamed the fall in output on faulty reservoir management. And now comes the indefinite strike.

"Most of these troubles are traceable to a faulty management," says an ONGC official. In the present instance, comparisons are being drawn (to the ONGC management's disadvantage) between the abduction of eight ONGC engineers and the kidnapping of Indian Oil's executive director K. Doraiswamy by JKLF militants in Kashmir, IOC promptly set up a monitoring committee at its New Delhi headquarters, and its personal director camped himself in Srinagar. The executive director's wife was flown in from Bombay to meet the President and the national media always kept Doraiswamy on the front page.

Nothing of this kind happened after the eight ONGC engineers were kidnapped on 1 July, though ONGC chairman S.I. Khosla flew down to Assam on 6 July, followed by a member, personnel, on 8 July and a member, technical, on 10 July. That was Khosla's second trip to Assam (the first was on 26 April 1991) since taking over from S.P. Wahi, ONGC's former chairman. His third visit came 72 days after the tragedy when he accompanied petroleum minister B. Shankaranand to Guwahati on 11 September.

The strike at ONGC has dire implications for the national economy. Industrial production is already wilting under the strain of import curbs, devaluation of the rupee and declining credit. Now, to this recital of woes, will be added the casualties of units that rely on gas as feedstock. Apart, of course from the loss of crude and natural gas valued at Rs.24 crore each day.

Within three days of the strike, several fertiliser units had shut down: two plants each at Rashtriya Chemicals and Fertilisers and Kribhco; National Fertiliser's Bijaipur plant; IFFCO's at Aonla; and Indo Gulf's at Jagdishpur. The power generating units shut down so far include the National Thermal Power Corporation's two gas-fired plants at Anta and Auriya, ONGC's LPG producing plants at Uran and Hazira, and GAIL's twin plants at Bijaipur. Essar Gujarat's sponge iron plant at Hazira has also stopped production. Clearly, the situation can only worsen.

"We are not holding the national economy to ransom," says Shree Dhar Vyas, president of the central working committee of ASTO. "This is a temporary hold-up, but if the four engineers still in



captivity are not released immediately, then the damage could be permanent."

ASTO representatives from all over the country met in New Delhi on 12 September to decide on their future course of action. The feeling at the meeting was that ASTO had been pushed into the strike. But, says the chief executive of an oil company, "People have been killed in the past and perhaps they will be killed in the future too. This does not mean that the entire economy has to be throttled."

Nonetheless, employee opinion at ONGC is unanimous that the government did not take the ULFA threat seriously. "None of your employees have been killed. So, what is the use of all the panic," the petroleum minister is believed to have told a delegation which met him on 17 July, sixteen days after the eight engineers had been kidnapped. Shankaranand had evaded the issue, saying the abduction was really the home ministry's problem. The home ministry in turn passed the buck to Saikia's state government.



However, it is also true that ULFA was not interested in negotiating with the state government because chief minister Hiteshwar Saikia enjoys little credibility, according to a close observer of Assam politics. ULFA had demanded the release of 14 militants held by the Assam government in exchange for four ONGC engineers. The Assam government claimed that it held only 10, the rest being held by the governments of Manipur and Meghalaya, and therefore outside its jurisdiction. The handling of this situation, therefore, clearly demanded coordination by the Central government.

ASTO officials say they will not relent till all their demands are met. "We do not want all our staff to be pulled out of Assam nor to give up production operations in Assam, but there are several things the management can do." To begin with, says ASTO, all surplus staff in Assam (the state is overstaffed by 40 per cent) should be relocated. Next, the housing capacity in the state (which meets only 20 per cent of requirements) should be increased considerably. A majority of the employees are compelled to live outside ONGC colonies, in private rented accommodation.

For the management of ONGC, the most urgent task before it at moment is to ensure the release of its four employees still in captivity. One measure which might help, though taken rather belatedly, is the decision to deploy the army, under civilian control, in all oil installations, to prevent any further escalation of the situation.

Full-scale intervention will wait until other measures do not produce results and if the state government cannot nab ULFA's top leadership, numbering about 50. Negotiations so far have made no progress, with ULFA's central committee not responding to the overtures of either the delegation of the Central government or the state government owing, it is believed, to a power struggle within the militant organisation.

ULFA chairman Arabinda Rajkhawa and second-in-command Paresh Barua have been challenged by armed wing commander Naresh Deka, also called Hirakjyoti Mahanta. Deka is believed to be holding the four ONGC men, and is the ULFA leader taking the hard line. The moderate Rajkhawa is willing to talk but has nothing to offer. If these leaders do not agree to meet the g ment at the negotiating the lives of the captives be in real danger.

The strategy increasing ing favoured, nevertheles bring the moderates to t gotiating table and lat after the hardliners in col with the moderates. B one, not even ULFA me themselves, can predict how and whether, the fou tive engineers will be rele

However, if the urgen the issue has registered now, not everyone is sur at ULFA having made ON target. Militant intervent the lives of oil industry a garden employees is by old hat: blockades, exto and cars being taken awa still fresh in memory. never in the past decade have things so bad. The oil companies traditio have got around the militant proble negotiating with the local popul and offering financial aid to seve the development plans that the mi organisations have launched. V Wahi did make the motions of ap ing the militants, the present chai has not ever undertaken any public tions exercise.

If the commission's relations wit local population have deteriorat has not done well in production e Over the last year and a half Assa increasingly turned into a problem As on 1 December 1990, idle wells stituted 28 per cent of the total we the region, while another 13.7 per ce the wells yet remained to be tested. with a proven potential, the regio now suddenly become inconsistent.

Things are no brighter in other a The commission has yet to sign its with the government for 1991-9 turn, the government has yet to p enough courage to approve the re mendations of the Das Gupta com tee much after the commissi deadline of 1 July. The postponing o Eighth Plan too has had its own im Which all adds up to some very healthy portents for the economy.

■ ARIF SHARIF in Ne and SUDIPT DUTTA in Gu

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TATA CONSULTANCY SERVICES

The mode is upbeat

The country's largest software developer continues to lead the pack in more ways than one — growth, turnover, technology, training *et al.* Its success owes no less to the personality of its formidable CEO, who now readies the company for some of its most ambitious projects

At an age when most CEOs would have visions of a serene retirement dancing before their eyes, 69-year-old Fakirchand Kohli's daily schedule, which begins with a punishing six-kilometre walk in the morning, is only getting more hectic.

Kohli is the director in-charge of India's largest software developer — Tata Consultancy Services, a division of the Tata holding company Tata Sons. And if things go as he's planned them, TCS will this year easily better the 58 per cent growth it achieved in 1990-91. And, much of this growth will come from four major projects, among the largest and the most ambitious the company has executed so far.

- On 18 September, TCS will launch E-X, its much-touted business accounting software, in Bombay. To be priced at around Rs.7,000, this software package was 27 man years in the making and the company says that market surveys indicate it will sell as many as 10,000 copies in the first year itself.
- The company is close to clinching two major international deals, each expected to bring in business worth around Rs.40 crore in the next three years. The first one involves developing software for the new computerisation plan of one of Britain's three largest banks, and the other involves a large American financial institution (TCS won't reveal names).
- TCS is in the second year of executing a Rs.40-crore contract signed last year to develop a software system for the Swiss Securities Clearing Corporation and the Swiss Corporation for International Securities Settlement. The four-year contract is the single largest bagged by an Indian software house. Says Nirmal Jain, executive vice-president of the company, "We clinched this contract in the face of stiff competition from companies of th ure of Arthur Anderson."



Photos: Palashranjan Bhaumick

Kohli: a giant in the Indian software world

So, these are indeed exciting tin Kohli who has presided over TCS tiny for over 22 years now. Thou electrical engineer by training (he 19 years with Tata Electric Comp Kohli strides the Indian software ment like a giant, the man who, anyone else, discerned the Indian nuity for developing software a ploited it successfully to nurture TC the country's most successful sof developer. "He is no ordinary CE personifies everything that TCS is to says a contemp Adds Walter Vi management co tant, "Kohli ha vided the com with the nece foresight, dyna and continuit leadership ove years."

But apart fro awe he inspires, also a much-f figure at the TCS quarters in Bombay. His bearing perso and keenness to volved in every a of TCS's busines looked upon as backs by many contemporaries and present. Bu success of TCS ov years more than fies Kohli's sty operation.

The comp turnover since has more than tr to Rs.106 crore its gross p margin has clir from 10 to 15 cent. Of this, soft exports contrib Rs.80 crore and

ning came from the
stic market. Says exec-
vice-president Vinay
awal, "This perfor-
e not only positions
s the largest consul-
outfit but also bigger
the next ten software
anies in the country
gether."
orts this year grew by
cent from last year's
of Rs.46.96 crore,
domestic perfor-
e grew by a slower 30
nt. Even though a ma-
ortion of the com-
s revenue is generated
eas, two-thirds of its
rces is located within
ountry. To execute
cts and support cus-
s anywhere in the
, TCS functions out of
erseas offices and 18 offices in
all of them networked together.
s Yash P. Sahni, executive vice-
lent and general manager, "We
established the credibility of doing
re projects in India." At present,
mpany is executing some 500 pro-
which are at various stages of de-
ment, in 40 countries.

key to TCS's growth over the years
s been its ability to ride the wave of
ological innovations. Says Viera,
li has this ability to keep changing
in response to trends worldwide."
Kohli himself says, "TCS tracks
ology as it is developed worldwide
arts work on adapting it at least 24
months before it is actually com-
alised in the international market.
d this it is useless, as the rate of
e and obsolescence is very high."
ce a technology is identified, it is
ned for its adaptability and the
any's ability to absorb it. External
s such as the future of the market,
chnology's applicability to the
n environment and its lifespan are
udied at great length. Says execu-
ce-president S. Ramadorai, "Our
s clearly lies in our ability to relate
ology to the customer."
ough this detailed evaluation pro-
TCS is able to spot a niche in the
t early enough and bid for con-



Jain, Aggrawal and Ramadorai: relating technology to the customer

tracts. Two years ago, the company spotted a new programming metaphor called C++. Personnel were sent overseas and trained. Later, these people trained a hundred more staff. Today, when the market demands the language, the company is right on top, with people trained and ready.

Along with technology, manpower is another key input. Of the 2,500 professionals employed, only about 1,600 are actually productive, the remaining 900 are trainees who undergo the initial training programme of a year-and-a-half and are, therefore, unproductive until a year later. Since 1,600 professionals contribute the entire turnover of Rs.106 crore, this works out to a contribution of Rs.6.6 lakh per employee.

Annually, 800 new recruits join the company. To identify the right person, a detailed profile is drawn up. "In November every year, the management and project leaders get together and project skill needs based on the company's business strategies and future project requirements," says Jose Abraham, corporate personnel manager. Once the profile is complete, they put into motion a recruitment plan to tap the premier institutes in India and abroad for the best Indian talent.

But, as about 300 recruits leave every year, there is an attrition rate of 12 per cent (industry average: 25 per cent). The effective number that finally joins TCS is about 500. Says Viera, "TCS has developed the ability to withstand the departures and renew itself without affecting business." Though some customers don't entirely agree. Says one, "Ever since TCS began work for us a year-and-a-half ago, four new TCS people have worked on this project. By the time a person has understood the job and we have developed an equation he leaves and someone else takes over."

But there is very little that TCS itself has been able to do to lower the attrition rate. Its training programme is so good and popular that other software manufacturers keep luring away people. Of late though, TCS has moved aggressively against companies who get its trainees to break their signed bonds with TCS. As many as five software companies, big and small, have already been taken to court in this matter.

For instance, an unusual incident occurred last year: a software exporter got his employees recruited at TCS to undergo its training programme. After completing it, they promptly quit. TCS moved fast and served a legal notice, upon which the exporter agreed to settle the matter out of court, and pay a compensation amounting to the cost of training the employees.

TCS's massive manpower training programme has an annual budget of 8 per

cent of its turnover (Rs.8.48 crore last year). Even those who have been with the company for a long time undergo periodic retraining to adapt their skills to rapidly changing technology. On an average, every TCS employee undergoes training of 20 days every year.

Today the company boasts of skills unparalleled in the country. Says Sahni, "When we started, our expertise was in one area, the Unisys platform, for whom we were a beta site. Over the years we have built our expertise on several other platforms block by block." Says another

cost of Rs.13 crore.

Currently, there are 850 professionals working on software projects at the Madras centre alone and this figure is expected to rise to 1,000 by end 1992. S. Mahalingam, the deputy general manager who heads the centre, says, "We work on application and system software projects as well as develop and maintain software projects. Most of the work done here is for overseas clients." A similar centre is planned for Calcutta for the Digital platform.

The TCS is now working hard to de-



Mahalingam: "most work is for overseas clients"

senior official of the company, "Specialisation is a major thrust. On one axis we have specialist skills in several industry groups and on the other on hardware platforms, and both these complement each other." Financial services, computer-aided design and manufacturing, and real-time systems are some existing areas of strength.

TCS also follows the strategy of developing alliances with hardware vendors. For instance, it has developed systems on the IBM platform over the years; two years ago it was designated as an IBM business partner, which makes it easier for TCS to bid to develop software for IBM requirements worldwide. To further strengthen their position on this platform, an IBM centre was set up in Madras. The company acquired an IBM 3090/2501 mainframe computer at a

velop package products. A plan to tap the global software package markets, estimated at $38 billion, is also on the anvil. Packaged software has a multiple effect on revenue, as repeat sales of a product generates continuous revenue. The company hopes E-X, the business accounting software, which is the first in the series, will be a hit among Indian businessmen. The export market is also being looked at. TCS has already tied up with the UK-based Twelve Star Technologies to sell E-X in that country.

The company is also taking a relook at management consultancy, an area of activity which for long has remained neglected. Last year it contributed only Rs.1 crore to TCS's turnover, but Kohli is quick to point out that it is still the largest in the country. Walter Viera was recently hired to revamp this division. He

says, "Their strengths outweig
weaknesses. But enough mana
time was not given to this divisio
cannot run this division with y
hand."

But there is no doubt that as
Kohli, the MIT-educated ele
engineer is in command, compute
ware will continue to be TCS's bre
butter. And as 1992 draws clos
groundwork is already underway
new thrust into the European C
nity market. Says executive
president Jain, "The Swiss contra
we are now executing will go a lo
in establishing our name in the EE

The fulcrum for this will be
Tata, a subsidiary based in Ooster
Holland. To overcome the langua
rier employees are undergoing cou
French and German, the two ma
guages spoken on the continent aft
glish. The company is working o
modalities with the Jawaharlal
University to work out a long
training programme.

On the other side of the Atlan
the US — TCS's largest market
government's decision to restrict t
mber of business visas availab
Indians to 6,000 will not affect the
pany. "We are concentrated on th
end of the software market and th
visas we use annually will be easily
able," Kohli says.

To keep up with emerging tre
the west, TCS has already started res
work in areas like Artificial Intelli
man-machine interfaces and a new
gramming technique called o
oriented programming, which
pected to become the mainline co
ing tool of the nineties.

Though they concede that TCS h
deed achieved a great deal, industr
servers think there is also a downs
the fact that the organisation is too
tricably linked with the strong pe
ality of one man. What happens
Kohli steps down? There seems to
answer to that question as yet. Fo
moment, though, there seems to
doubt that, with the reputation tha
hli has been able to build for the o
isation over the last two decades, TC
continue to spearhead India's soft
export efforts in the coming years.

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WALCHAND GROUP

Kalyug arrives

This hundred-year-old industrial empire is breaking up with some younger members, impatient with the group's ultra-cautious approach, seeking greater independence in running their companies

Ten years ago, theatre enthusiast and Premier Automobiles chairman Vinod Doshi starred in Shyam Benegal's *Kalyug*, the story of greed and intrigue in an industrial family. He wasn't to know that it would be replayed, if only in parts, in his own real life Walchand group.

The story is not over yet, but the climax, observers say, will lie in the group splitting. That event should bring the curtain down on an over 100-year-old empire, painstakingly built by the late Walchand Hirachand.

Holding centrestage with Vinod Doshi is his cousin and managing director of Hindustan Construction Company, Ajit Gulabchand. The younger man wants out, with his share of the group companies. The close-knit Walchand family does not like it, but cannot do much now, having failed to either placate him or thwart his attempts. So, a package is being worked out to "settle the matter amicably". But group chairman Bahubali Gulabchand says, "It does not serve anybody's interests to reveal anything now."

Ajit Gulabchand, the most colourful and ambitious member of his low-profile family, is not alone in seeking to break out. His nephew and managing director of another group company, Ravalgaon Sugar Farm Ltd, Harshavardhan B. Doshi, is accompanying him. Neither of them like to call it a split. While they refused to go on record with *Business India*, they are known to have told others, "We are only seeking more independence from the family in running our companies."

All other family members have aligned themselves with Bahubali Gulabchand and Vinod Doshi. They will continue to be the Walchand group, retainers of the great industry builder's legacy. Requesting anonymity, a family member explained, "At a personal level, we are still a family, but we cannot work together. Let the two (Ajit and Harshavardhan) race ahead if they can. We will continue to live by the group's policy of cautious growth."

At the time of going to press, sources close to the group revealed that details of the division have been finalised. Working without an intermediary, the family has decided that Ajit and Harshavardhan will get HCC, Ravalgaon and Acrow India and some cash or office premises as compensation. Right now, they are in the process of appointing merchant bankers and chartered accountants to work out the modalities of the transfer.

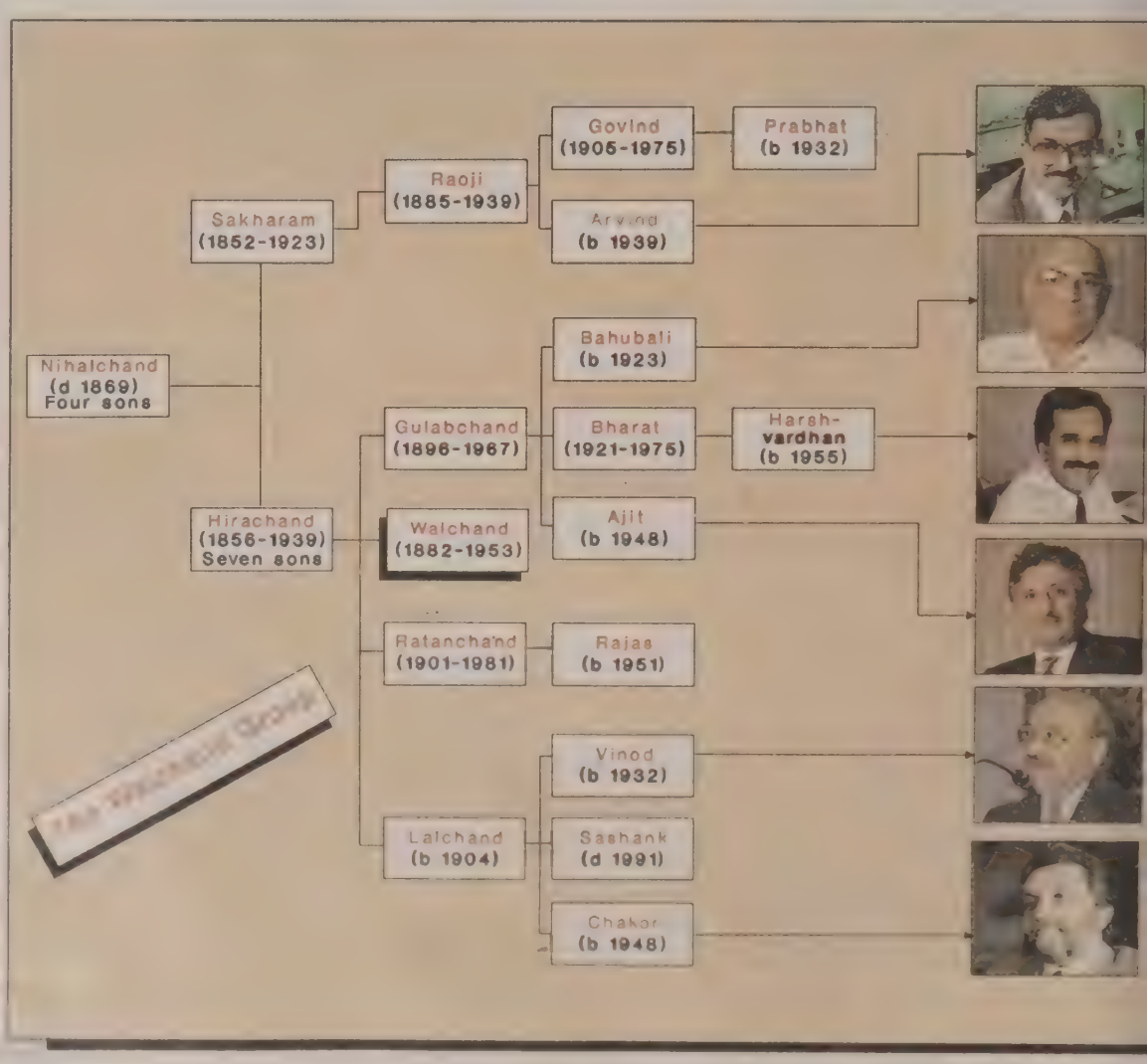
Each person's share in the family's holding concern, Walchand & Company Pvt Ltd, was taken as the basis in determining who got how much. And that is where Ajit beat the others. Against each



Bahubali and Ajit: breaking up

controlling member's share of 9-10 cent, the breakaway group controls per cent of this company. This was cause Ajit's parents, both of whom w involved in the group's activities, bought out part of another membe share when the latter was in need of ca

The story probably began in 1983, fore Ajit Gulabchand moved into H Industrialist R.P. Goenka, on a ta



spree at that time, raided Premier omobiles (PAL), the group's flag-. It was a vulnerable moment for the pany, which was already under at- from institutions and others for not ducing results. Confident that there no rescuer in sight, Goenka contin- acquiring Premier shares. The fam- hands-off-politicians policy didn't much either. Reportedly it was ul Bajaj, a close friend of both fami- who played the key role in staving the takeover attempt. Ajit abchand, through his friendship Sharad Pawar, also played a role. A sed family rewarded its sibling with managing directorship of HCC.

ut Ajit's ambition was to have a say ne running of Premier Automobiles. slump in HCC's fortunes immediately r he took over only added to his dis- fiture. However, he immersed him- in the task of reviving the company. 986-87, when Vinod Doshi's son treya was promoted as vice- ident, corporate planning, in PAL, resigned from its board.

latters came to a head a year ago n the board of directors of HCC ck down, reportedly at Vinod hi's behest, Ajit's proposal to appoint a chief executive for the company. Doshi argued that the person to be appointed was too expensive. After a six-month wait, this youngest son of Gulabchand Hirachand dropped the bomb. His demand: a share in the management of PAL or a free hand in running a few group companies.

Though the family denies it, it is obvious even from the brief conversations with some members, that differences between Vinod Doshi and Ajit are responsible for the split. Lest their acrimony affect the working of the companies and the reputation of the group, Bahubali Gulabchand and other members decided to do something about it. Back in the 1940s, Walchand Hirachand had separated every member's share in the group; the third generation emulated his example and quietly evolved the basic structure for the partition.

They were successful in maintaining a facade of normalcy. Unlike what happened at Modinagar, it is life as usual at Construction House, the Walchandnagar headquarters in South Bombay. The five-floor stone structure seems to be quietly absorbing the shock of change. But inside, the difference in the styles of working of the two groups is visible in the decor itself. The two floors occupied by HCC are modern and plushly furnished, while the others look like government offices of a bygone era.

The flamboyant Ajit Gulabchand has turned HCC around, after three years of losses, and is making it a point to trumpet the story. He has big plans for this 65-year-old construction company, one of the largest in the Indian private sector. He has promised a Rs.500-crore turnover in the current year, though he couldn't take it beyond Rs.128 crore in 1990-91 (*see table*). "I hope to be heading a Rs.1,000-crore company soon," he was quoted as saying last year.

His claims of a happy scenario are contested by analysts who dismiss it as only better balance sheet management. HCC has even been late on some loan repayments last year, says a banker. Therefore, it is felt that Ajit has chosen the wrong moment to move out because the Walchand umbrella would have helped, at least until HCC had stabilised.

"That is where the analysts are wrong," says a family member. According to him, the breakaway group is getting the most secure companies in the group, in terms of both profitability and shareholding pattern. However, the fact remains that in terms of sales, the size of the new group will be only Rs.180 crore, against the present group turnover of Rs.1,000 crore, from ten companies.

This does not seem to worry the two youngsters too much. Even Harshavardhan, among the youngest in the group, is busy drawing up plans for the future. The family credits him with having revived the sagging fortunes of the group's sugar and confectionery company. New brand names like "Mango Mood" and "Pan Pasand" did bring the ailing Ravalgaon back into the reckoning in the confectionery segment.

These success stories do make the two "rebels" sound like a formidable team of managers, though the family tends to dismiss them as brash and immature. To observers, the happenings appear like a struggle between liberals and conservatives. Only their future performance will tell whose stand is vindicated. But, for now, the story of the Walchand split will soon see "The End".

■ MADHAV REDDY

pany	Products	Who controls	Family holding (in %)	Sales (Rs. crore)	Profit after tax (Rs. crore)
ier omobiles	Passenger and Commercial Vehicles	Vinod L. Doshi	19.5	628.22-	9.07
handnagar	Sugar & Cement plant machinery, equipment for nuclear reactors, space vehicles, fertilisers and chemical projects	Chakor L. Doshi	47.0	71.29*	2.20*
1. Construction	Construction	Ajit Gulabchand	80.0	127.9	1.61
an Hume Pipe	Hume pipes & special pipes	Bahubali Gulabchand	50.07	43.93	–1.76
algaon Sugar n	Sugar, confectionery, sugar wax, sugar mill machinery, confectionery machinery	Harshavardhan B. Doshi	78.0	37.74	0.37
bay Cycle & or Agency	Automobile, airconditioner sales, service & repairs	Vinod L. Doshi	36.91	60.87*	0.13*
ier struction	Investment and consultancy leasing	Bahubali Gulabchand	45.79	4.61	0.92
w India	Acro Steel formwork used in construction	Arvind R. Doshi	54.22	11.31*	0.04*
ier Auto Elec.	Car air-conditioners, engineering and industrial plastic products	J.M. Vakil	38.88	34.49	1.16

r ending March 1990

ESCORTS-MMW

A dream bike for India

The motorcycle joint venture between the Indian two-wheeler giant and BMW can become a trendsetter for further German investment in India

The big dad of the Indian motorcycles industry — H.P. Nanda, chairman of the Escorts group — is quite kicked with life these days. The reason: an unexpected early clearance for the German automobile giant BMW's proposed investment in India in a joint venture with Escorts. The clearance came on the eve of prime minister Narasimha Rao's visit to Germany last fortnight.

A joint venture company is likely to be formed with an equity capital of around Rs.35 crore. Both BMW and Escorts will have 40 per cent stake each and the rest would be taken up either by IFC or a German development bank.

Despite having undergone major heart ailment in the recent past, 73-year-old Nanda is taking keen interest in the project. He succeeded in convincing the BMW chairman to make the joint venture for manufacturing four stroke 180cc motorcycles in India. Says he, "This is the first time in the world that any major automobile maker has joined hands with a company in the Third World to work jointly on development of a vehicle."

Currently, the things are at the drawing board stage as the engineers from BMW and Escorts are working at the former's R&D centre in Germany. The specification given by Nanda are certainly very demanding. He wants a motorcycle that can go 80 km on a litre of petrol, carry three people or six large cans of milk with ease, and run on village roads. Also, its price should not be more than 10 per cent higher than those of the other 100cc motorcycles. Hero Honda, the country's most popular 100cc bike now sells at around Rs.31,000.

Nanda obviously has the rural market in mind. But with Escorts' 175cc bike Rajdoot, the mainstay of the company's profitability, catering to this segment of the market, won't there be a clash of interests? Nanda doesn't think so. According to him, the new bike, though fuel-efficient, will naturally cost much more (at least 15 per cent more) than the Rajdoot 175cc which now sells for around Rs.26,000. And so, even within the rural market, the two bikes will be directed at different segments. Nanda says that he will also be using BMW technology to make even the Rajdoot 175cc much more fuel-efficient.



Nanda with sons: keen interest

According to Nanda, the new bike will have zero import component from the first day of production. This means parts for the motorcycle (other than the engine) also need to be developed in-house or through vendors. Escorts already has a large number of ancillaries producing high quality components. Even on account of capital equipment, Nanda is confident that most of the things can be procured within the country itself and only tooling will be provided by BMW.

Nanda hates the way the Japanese have taken advantage of their collaborators by providing CKD supplies for starting production early and then keeping them dependent by resisting indigenisation. His relations with collaborator Yamaha have soured on this issue and he is thinking of terminating the technical tie-up for the 100cc mobike before its scheduled expiry date.

Another reason for Nanda opting for BMW this time is his complaint that Japanese do not let their collabora undertake any significant exports. " cannot export Rajd and the Japanese will let me export RX1 But with BMW name I certainly export," says. Nanda's agreem with BMW provides the joint venture's acc to markets in Asia, rica and the Europe countries outside EE Of the total product of 100,000 motorcyc annually, about 32,0 will have to be export he says.

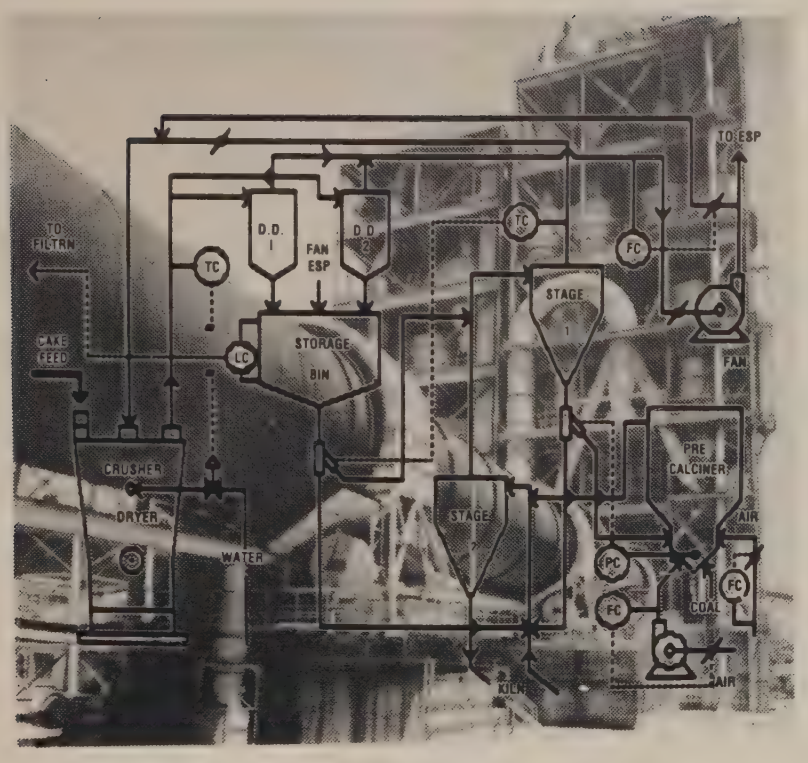
The strategy of to indigenous producti can delay things. Nan expects the product to take another t years to come out, causing an escalati of Rs.25 crore in cost. Accordingly, has revised the project cost to Rs.1 crore from the earlier estimate of Rs. crore.

Nanda is happy with the way thin have worked out on the foreign e change expenditure front, which, a cording to him, is going to be not mo than 10-15 per cent of the total proje cost. Most of the plant and equipme will be bought from sources within t country, though in consultation wi BMW. And most of it will come from t foreign exchange that BMW will bri with it as part of their investment.

Nanda is also trying to sell the Ge man company the idea that they can g components for their 500cc-1000cc m torcycles cheaper from Escorts anci aries. His logic is that the manufacturi cost in India is several times lower tha that in Germany or elsewhere in the d veloped world. Nanda is optimistic th the idea will jell with the BMW bosses. A a macro level, Nanda hopes that the m torcycle joint venture between Escor and BMW will become a trendsetter fo further German investment in India.

■ FEROZ AHM

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C ALLOYS

nto the Tisco fold

steel giant extends its interest into charge chrome manufacture

ussi Mody and Tisco have added another company to their already large stable. Last fortnight they anced the take over of one of the ntry's largest charge chrome prors, OMC Alloys Ltd, a loss-making idiary of the Orissa Mining Corpon. The acquisition is important for o to retain control over its huge mite mining interests in Orissa. The pany has leasing rights over two ls of the country's chromite sits.

nough the Mittals of Ispat group the charge chrome producer Indian als and Ferro Alloys Ltd were also ested, there was never any doubt Tisco would walk away with the pany. And after two rounds of talks een Orissa chief minister Biju aik and Tisco chairman Russi y recently, the deal was clinched the steel giant agreeing to take over ntire Rs.135 crore liability of the company. According to a Tisco esman, the company board has ed to pay off Rs.82 crore foreign and n bank loans taken by OMC Alloys ediately and the balance of Rs.53 , which constitutes state governdues, will be repaid over 15 years.

e Tatas justify their acquisition sayhat they wanted to get into charge me production any way and it is bet- take over an existing plant rather set up a new one. But industry obrs say that the steel maker was apensive about the Orissa government cing its leasing rights over its chron mines when it came for renewal in in the absence of a manufacturing ty.

sco's mining rights are now spread 1,261 hectares of land in Sukinda y of Orissa's Cuttack district. ge chrome manufacturers have demanding that they be given some ese mines since Tisco itself did not any manufacturing facilities so far. ct, the B.K. Rao Committee, aped by the Supreme Court to look into the matter sometime back, had opined that "The position is distorted to the extent that three-fifths of the total chrome ore reserves is in the captive mines of Tisco which has no charge chrome plant."

OMC Alloys was set up as a 100 per cent EOU with a 50,000 tpa capacity at Brahmanipal in Orissa in June 1985 in technical collaboration with a consortium of Voest Alpine AC, Austria and Ottokompu Oy, Helsinki of Finland at a total cost of Rs.59 crore. Production started in September 1987 but never went beyond 20,000 tpa, largely on account of technical problems.



Mody: adding another feather to the cap

According to J.L. Tripathy, managing director of the company, the chromite ore used by the plant so far was not of the required quality. Besides, there were problems with the pelletisation plant which, in turn, affected the entire production. Power also has been in perennial short supply. On top of all this, the charge chrome prices crashed worldwide last year and almost all the charge chrome plants set up in Orissa in the last few years were severely hit.

One of the first tasks on hand for the Tatas will be to deal with the problem of overmanning at the plant. At present, OMC Alloys has on its rolls 540 regular staff and 793 contract labourers. Though the state government maintains that there will be no retrenchment, the Tisco's spokesman told *Business India*, "We will take the workers' interests into consideration but there is no commitment as such to retain the entire staff."

According to Tisco sources, fresh investment will be needed in the form of balancing equipment and maintenance if the current production is to reach the 50,000 tpa level. A team of high level experts from Tisco will shortly visit the plant site and submit a report. According to Tripathy, the balancing equipment will cost around Rs.3 crore and a captive power plant around Rs.45-50 crore. Industry sources say that the Tatas will have no problem in marketing their products worldwide, considering their experience and stature.

There are mixed reactions to Tatas entering into the production sector of charge chrome, especially if they add capacities and compete in the Indian market at a later stage. Says one producer who prefers anonymity, "It will shake up the Indian charge chrome industry in the long run. As for the global market, the competition should not make much difference. After all, Indian exports are much too small."

Adds R.N. Mishra, executive vice-president of IMFA group, "I feel that it is a very positive sign that the Tatas are going to be a producer of charge chrome. Once they establish themselves as a steady supplier of charge chrome even in the lean years, India's image can only go up. With their wide ranging global contacts, once the Tatas develop certain markets, we can also follow."

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NDOVI PELLETS

The kiss of life



nks to Essar Gujarat, this long dormant producer of iron pellets is he road to revival and preparing to reap the benefits of the new ort policy as also the rising demand for its product

ince May this year, a little known Goa-based company, Mandovi Pellets Ltd, which is controlled by the wgule family, has been making es on the Bombay Stock Exchange. nare price has shot up by more than t times to Rs.85, despite the fact that company has accumulated losses to une of over Rs.50 crore — over five s its net worth — and, most impory, despite the fact that its plant has unused for almost a decade.

ne sudden interest in the company sparked off by a strong rumour that as being taken over by the sponge manufacturer, Essar Gujarat. Algh the rumour did not quite hit realpot on, Essar Gujarat, did in May, a memorandum of understanding the Goa company. Mandovi Pelas the name suggests, is in the busiof manufacturing iron ore pellets. tisation is the process by which iron ines are agglomerated into larger which are used by sponge iron and manufacturers.

sar buys lumpy ore from the Baillamines in Madhya Pradesh. The ess of washing the lumps generates amounting to upto 30 per cent of riginal ore, which cannot be used to ufacture sponge iron in the com-'s plant at Hazira. According to the J between the two companies, Essar end upto 200,000 tonnes per annum of fines to MPL for pelletisation over iod of five years. MPL will also supssar Gujarat with 400,00 tonnes of ts, made from its own source of iron ines, every year for five years.

hile the MoU is expected to safed Essar from raw material shortages nsulate it from the effects of the risprice of pellets in the international et, for MPL this arrangement is like a f life. Essar has already advanced it crore as an interest free deposit h has gone a long way in helping restart its plant (on 15 September 1991) after nearly 10 years.



Photos: Deepak Tolani

MPL plant in Shiroda and Chowgule: sigh of relief

MPL was promoted in the seventies in the joint sector with equal equity participation by Chowgule & Company, the government of India (through the Steel Authority of India which later handed over its stake to the National Mineral Development Corporation) and the public. The company's plant at Shiroda, Goa, based on the Lurgi process with an installed capacity to manufacture 1.8 million tpa of pellets, went on stream in May 1979. A major portion of the plant and machinery was supplied by Voest Alpine AG, Austria, on a deferred payment basis.

In fact, the company did not incur any expense on capital goods as the total sum of about Rs.70 crore was provided by Japan in the form of foreign exchange. Mandovi was to repay this in kind (pellets) to the Japanese in a sort of barter trade. Since MPL does not own any mines, Chowgule & Co were to supply the iron ore concentrates from its two beneficiation plants in Goa: for this, Chowgule received an advance payment of Rs.2.50 crore. At the time the plant was commissioned there were no gas-based sponge iron units in the country and so Japanese Steel Mills (JSM) was MPL's sole customer.

MPL's plant, situated off the river Zuari, is provided with a 180-metre jetty to accommodate 1000 DWT barges for carrying incoming iron ore and outgoing pellets. While in operation (June 1979 to April 1981), MPL's plant failed to attain even 50 per cent capacity utilisation. The reason: paucity of power supplied by the state government, the steep price of fuel oil (which had to be imported), and the

Modi Rubber Limited

Registered Office : Modinagar-201 204, District : Ghaziabad, U.P.

STATEMENT MADE BY MANTOSH SONDHI, CHAIRMAN, AT THE 20TH ANNUAL GENERAL MEETING HELD IN MODINAGAR ON SATURDAY TH 31ST AUGUST,1991



Ladies and Gentlemen,

On behalf of the the Board of Directors and on my own behalf, I extend to you all a very warm and cordial welcome to the 20th Annual General Meeting of your Company. The Notice convening the meeting, the Directors' Report and the Audited Accounts for the period ended 31st March, 1991 have been with you for some time now and, with your permission, I shall take them as read.

The year that has rolled by has been full of turmoil and tribulation for the country. Finally it culminated in the henious assassination of Shri Rajiv Gandhi; before I proceed further I would request you to stand in silence to pay homage to his memory for two minutes.

REVITALISING THE ECONOMY

It is to state the obvious that our economy is in the doldrums. The present Government after assuming the reins of office has taken a number of bold measures to extricate the crises ridden economy out of the quagmire it has got itself embroiled into. The long term objective is to free the economy from the shackles of controls and regulations so that it can gradually transform itself into an open market-driven free economy. In fact, the reforms seek to "uncage the tiger". It remains to be seen whether after 40 years of domestication, the "tiger" can survive in a highly competitive environment without protection. This will call for a strong political will, courage and a sense of purpose to carry the reforms through without buckling under the pressure of vested interests.

Last year, in my statement at the AGM I had said that in a developing economy, the sustenance of growth can be derived only through better management and greater efficiency at the micro and the macro levels. At the micro level, industry be it in the public or the private sectors because both these together really constitute the national sector, cannot escape the responsibility for maintaining a continuously rising level of productivity to fuel further growth. At the macro level, the government must provide the necessary policy and administrative framework to achieve this. The government has now tried to provide this; it is for the industry to respond and accept the challenges in the transitional period and convert these into opportunities.

The performance of the public sector must also improve dram objective is not to remain illusory. A significant development in th is the government pronouncement about reducing the budgeta the public sector undertakings. If this is carried through then the undertakings will be forced to stand on their feet. This financ will by itself help significantly to reduce the fiscal deficit. Conc this positive measures will have to be taken to distance the publi the government and bureaucratic control and from undue poli ence.

Last year in the context of the development of the road trans I had suggested that a positive strategy must be adopted t consumption of diesel and petrol. From this point of view,use o Natural Gas (CNG) as transport fuel offered one attractive po was cheaper and environmental friendly. I am glad to find fi government pronouncement that effective steps at last are being direction and a beginning is likely to be made shortly with an entailing an investment of Rs. 680 crores. It is a very welcome d A poor developing country like India cannot afford to frit invaluable bounty bestowed upon it by nature.

It is also reported that the government has decided to com flaring of gas in another four to five years with the implementa 7500 crores World Bank aided project. If this can be achieved, i a sea-change to our economic development.

REVIEW OF OPERATIONS

During the year under review, your Company has achieve of Rs. 526 crores as against Rs. 482 crores in the previous year – of 9%. The profitability was also better although during the yea conditions remained highly competitive. The performance of yo can be considered as satisfactory keeping in view the overall perf tyre industry in the country.

During the first four months of the current financial year the t gone upto Rs. 198.43 crores as against Rs. 173.35 crores in the co period of last year – an increase of 14.5%. The profitability thoug higher has not kept pace with the increase in turnover as the pr have been under extreme pressure.

COST ESCALATIONS

There has been a phenomenal increase of 38% in the price of 12-month period. In the case of other major inputs also, there substantial increases in the prices, e.g. 30% increase in the pric Tyre Cord. This has necessitated revision of tyre prices more during the course of the last year although your Company is fully a impact of price revisions on the cost effectiveness of the roa industry. In order to absorb cost escalations to the maximum exte your Company has taken measures to accelerate its R & D act embarked on a major modernisation and technological upgradation p

portance to the concept of total quality management rking on other cost saving programmes such as energy

& DEVELOPMENT

ogramme of your Company with a provision of Rs. 5 crores on iture is progressing well. The new products developed by your been well received in the market. Improvement in process and technology to cut costs has been commendable. The concept management being implemented diligently at all levels in your helped to improve its overall competitiveness besides helping its important objectives of ultimate customer satisfaction.

ustry as a whole has also been working on a proposal for setting rative basis – "Testing Facilities Centre" – which otherwise nd the reach of individual tyre companies. This would help to ed impetus to the tyre industry to forge ahead to meet the future to gradually move towards greater self-reliance.

npany's export earnings during the year under review were Rs. ainst Rs. 40 crores in the preceding year. The Gulf Crisis was putory factor towards this decline. Efforts are being made to into the new markets in Africa and Latin America besides ctivities in the existing markets of USA, Afghanistan and xports continue to remain an important plank of our marketing ping with the latest policy framework of the government.

/MODERNISATION

ME

ed in the Directors' Report, first stage of plant balancing/ programme at Modipuram and Modinagar plants is under n and is expected to be completed by March 1992. This would rn utilisation of the production facilities besides rationalisation -mix of the two plants. Production of the smaller tyres will be Modinagar Plant whereas the larger tyres including the radial oduced at the Modipuram Plant. The total estimated cost of the 25 crores which is being implemented in technical collaboration ntinental Aktiengesellschaft, Germany.

ration so far has worked very well. Steps necessary to cement nder serious consideration.

CTS

Guardian Limited (GGL)

ia Term Lending institutions have sanctioned financial assis- oat Glass project and disbursed part of the Rupee and Foreign s. All the requisite Government approvals have been obtained. roject has been acquired, civil construction is in progress and or plant and machinery have been placed. The implementation s going on in full swing and barring unforeseen circumstances o go into commercial production in the first quarter of 1993.

res Limited (MFL)

ablishing High Wet Modulus Solvent Spun Cellulosic Fibre nical and financial collaboration with the Courtaulds Fibres The project is still under appraisal by the IDBI.

isite Government approvals have been obtained.

ication for Rupee Term Loan (Foreign Currency Loan re- to be tied up by MFL itself) is under consideration of the tutions.

3. Modi Mirrlees Blackstone Limited (MMBL)

MMBL is implementing the project for manufacture of large capacity Diesel Generating Sets based on heavy fuel in technical collaboration with the world renowned Mirrlees Blackstone, UK. This project is making satisfactory progress.

CONVERTIBLE DEBENTURES

Conditional approval from the CCI to our proposal has been received. Further course of action is under consideration.

SOCIAL OBLIGATIONS

We are gradually enlarging the scope and scale of our social welfare activities in and around the areas of our operation. We shall continue to pursue these objectives as enthusiastically as before.

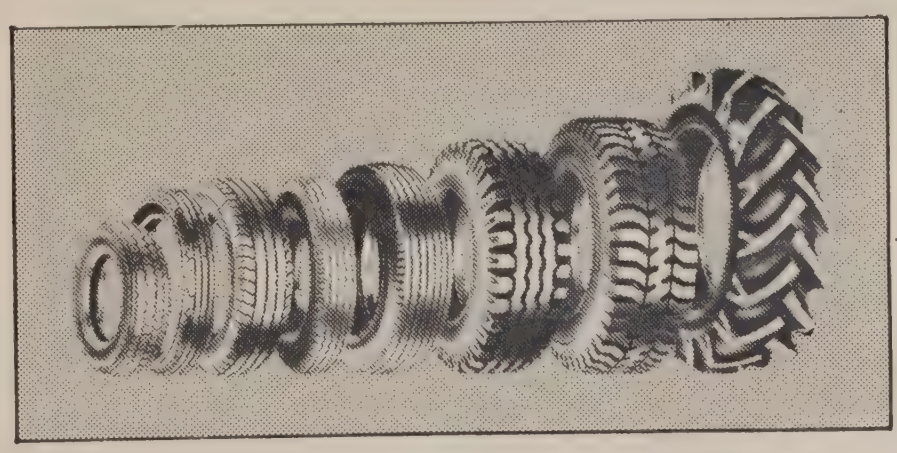
LABOUR RELATIONS

Throughout the year, the labour relations continued to be harmonious and cordial. All those who work in Modi Rubber Ltd. are fully committed to the common goal of "Discipline, Quality and Productivity" set by your Company.

THE FUTURE

The fortunes of the tyre industry are inextricably linked up with the fortunes of the automotive industry. From all indications the automotive industry is doing well and should continue to do well with some of the manufacturers having large capital investment plans in hand. Therefore the prospects of your Company are bright.

Taking a little longer perspective, the competition in the tyre industry is going to become even worse as the capacity in the industry will be in excess of demand. Therefore, a scenario is likely to develop in India also, as it has already developed in the western world where out of the 9 large tyre manufacturing companies, only 4 or 5 remain through mergers and acquisitions, in which it will be a question of the survival of the fittest. As far as your Company is concerned, I am happy to state that it has the technological base, the tenacity, the work culture and the resources at its command to wade through the difficult times that may lie ahead. The crux will be the speed and the effectiveness with which the modernisation and the redialisation programme can be put through.



Note : This does not purport to be a record of the proceedings of theAnnual General Meeting.



The control room: major advantages

slump in the global steel market. All these factors made the price of pellets unremunerative. "Since then the plant, considered economically unviable, has been kept shut. However, the equipment has been maintained," explains B.P. Awati, executive director (finance).

But what about the foreign exchange liabilities on account of the advance received from JSM and the equipment supplied? "From 1982 onwards no pellets could be supplied, but JSM were agreeable to receiving iron ore fines in lieu of pellets. Under this arrangement, JSM paid us a premium of $5 per tonne," says Awati. For four years, through this route, MPL earned foreign exchange to the tune of Rs.68 crore. Thus, the advance received from JSM was adjusted.

In the late-eighties, with the scenario changing for the better, MPL looked a likely candidate for revival. "Pellet prices in the international market started looking up with the increase in demand from European steel mills and upcoming direct reduction plants in the Third World," explains Awati.

With plans to revive MPL gathering momentum, in February 1989 the company received a letter of intent from the Central government, allowing it to reopen as a 100 per cent export-oriented unit. "As of today the EOU status has been surrendered, as we realised that we would not be able to sell to Essar," says Awati. "Also, the only advantage of becoming an EOU is for import of capital goods free of duty, but we already have our plant here. Now MPL will operate as a registered exporter and export to the extent it gets export benefits."

Meanwhile, MPL has also signed a collaboration agreement wi n Hoogovens, Holland, to optimise the operations of the plant after it commences commercial production. "This is more like assistance to re-start the plant and bring it to running condition. We've paid a one-time lumpsum fee of Rs.47 lakh for this service," says Ramesh Chowgule, managing director of the company.

MPL has the capability to manufacture both the direct reduction (DR) and blast furnace (BF) grades of pellets. Essentially, these grades are determined by the metallic content of the pellets. The DR grade is of an iron content of 67 per cent as against the BF grade's 64 per cent. The former is purer and, therefore, used to make sponge iron in the electric arc furnace. However, the electric arc furnace does not have the facility to remove slag, as compared to the blast furnace in which there is a separate arrangement for tapping out the slag. The electric arc furnace is also highly energy-oriented; an electric arc user would not like to use inferior raw material and thereby waste energy in removing the slag.

As it happens, MPL has identified the Bellary-Hospet sector to source its ore. But this will involve stiff transportation costs. The distance from Bellary to Goa on the South-Central Railway is some 370 km over a metre guage, single-line rail track passing over the ghats between Hospet and Londa (via Hubli). Another constraint is that as ore comes fourth in the list of the railways' priorities, the moment there is pressure for moving defence items or food, the wagons could be diverted.

However, looking at the price at which sponge iron is selling, sponge iron producers will easily absorb these transportation costs. Moreover, transportation by road is also not ruled out. Essar currently purchases pellets from Kudremukh at Rs.1,100 per tonne and sells sponge iron at Rs.6,000 per tonne, while the imported price of pellets is 40 dollars per tonne, excluding a 35 per cent duty.

MPL, therefore, plans to produce both grades of pellets. The capacity utilisation intended for the first year (19 months ending March 1993) is 80 per cent. Of this, how much will constitute DR grade will depend on every tonne of ore procured from the Bellary-Hospet sector. If MPL gets 600,000 tonnes from Bellary in a 12-month period, the total acquisition for the 19-month period would work out to 1 million tonnes. In the first year, the company has targeted a turnover in excess of Rs.80 crore.

At present, the only other indige manufacturer of pellets is the public tor Kudremukh Iron & S Kudremukh produces the DR grade let which is the main raw materia gas-based sponge iron units. Accor to an industry insider, even the BF g can be used to make sponge iron (th tendant disadvantages involved in process will be passed on to the user plants). So far, of the six gas-ba sponge iron plants in the country, Essar Gujarat's 880,000-tonne plan Hazira has gone on stream.

Clearly, going by the potential mand for pellets in India, especially o the other sponge iron projects take MPL could cash in on the domestic m ket alone. However, the company pl to also earn foreign exchange by exp ing the BF grade. Not that there is market for it in India, but the proble that the nearest blast furnace in relat to Goa is Bhilai. The arithmetic is, the fore, unfavourable, when transportat costs are added on. Moreover, exp earnings will see the company out of red sooner.

While the recent budget allows company a tax deduction on exp profits under section 80HHC of the come tax act, MPL will also avail of Ex scrips. Gains from Exim scrips will be flected in the 'other income' of the co pany as soon as shipments take pla while the former benefit will only co after the company wipes out its stagg ing losses.

Going by the revival scheme drawn by the company, the promoters will ha to infuse funds to the tune of over Rs. crore to get the plant fully operation But it would still be worth the inve ment considering that, with so ma sponge iron plants expected to come in the country, the demand for pellets only going to rise in the coming years

While MPL spent Rs.120 crore to p up its plant, any new venture of simil capacity is now expected to cost ov Rs.300 crore. This automatically pr vides MPL the kind of advantage it d not enjoy in more than a decade. seems highly probable, therefore, tha in the coming months, MPL's Rs.10 sha will scale ever higher peaks in Bombay Dalal Street.

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e threat of delicensing

v industrial policy will upset the fragile balance achieved by the dustry in the country and lead to more shortages

ation Flood, crafted carefully r 20 years, has been one of the lian co-operative movement's ccesses. This summer, this fragution showed its first signs of g, unable to absorb acceleratand and a 32-per-cent drop in "But the present shortage will lived," says an NDDB official, k supply will return to normal." greater threat has been the new al policy which seeks to free , among several other indusl threatens to dislocate the sysall likelihood, this provision of strial policy will go through a review. Yet the fundamental remains whether the dairy inan be treated like any other; for , scooters, where demand can fairly rapid increase in supply erection of new plants. en, chief of the NDDB, in a typerbic comment has said that, in the policy, the government reeople "who don't know which e cow is more important". entry and exit can be sustained a milk surplus situation," says a Dairy official. The country is rom that situation — supply at n tonnes a year barely matches This is complicated by the fact pply increases cyclically in the and drops during the summer But the demand cycle follows rse pattern: it falls during winter s in the summer months. Winplus milk is reduced to powder r oil. This enables the dairies to tute skimmed milk powder as ilk to add to supplies. o July is always a trying period dairy industry with the summer ing up milk output; a 25 per cent n milk supplies is not unusual. r's higher than normal summer tures, together with the delayed ok a heavier toll. Procurement co-operatives dropped by more usual 25 per cent — from 9 million litres in July last year to 8 million this July — an extra 11.1 per cent fall.

The cyclical decline in natural milk output, that occurs once every four years, has accentuated the decline this year. The last one occurred in 1987 and was followed by two splendid years. "Milk powder then sold at Rs.28 a kg versus Rs.35 now," says an official of the Delhi Milk Scheme. The market growth this year, estimated at 10 per cent, has added to the problem. Recombining milk with skimmed milk powder and white butter, usually resorted to in the summer months, has continued longer than normal.

There have been other problems. India's milk grid also relies to some extent on imported skimmed milk powder and butter oil from the European Economic Committee. Imports of 15,000 tonnes of milk powder were awaited this year, but in vain. The EEC claimed that many of the less developed countries — India, Bangladesh, Malaysia and Pakistan — had achieved self-sufficiency, and were exporting themselves, thereby threatening the community's markets. "That perception is not accurate," says an official of the agriculture ministry. "We did export in 1988, but that was because it was a better than normal year and not because we are self-sufficient."

Nevertheless, the shortages have had their predictable effect on prices. Delhi's two primary milk processors, Mother Dairy and Delhi Milk Scheme have held on until now, refusing to comply with a demand by a clutch of 28 other supplying co-operatives to add Rs.2.40 to the existing price of Rs.7. Now there seems little choice left but to relent. "Even if we pay Re.1 higher to the co-operatives we will not add much to our supplies," says a Mother Dairy official. The co-operatives suspended supplies in support of their demand.

Even if their demand were agreed to and supplies are restored, then, over the longer run, the system is likely to be threatened by the free entry that will be allowed into the industry by the new industrial policy permits. Operation Flood's success rested primarily on its ability to move large consignments of milk over long distances. Delhi, which needs 2.6 million litres more each month, over and above its own supply of almost 1.1 million litres, is fed by milk producing districts in Rajasthan,



Prakash Jadhav

Chocolates or milk? Which comes first?

Gujarat, Madhya Pradesh, UP and Punjab. Calcutta, another milk deficient city, is fed by supplies from as far away as Tamil Nadu.

Only the co-operative system, together with necessary government investment, has the capacity to absorb the high transport overheads needed for the successful operation of the national milk grid. Private trade has only been efficient in setting up localised distribution systems, perhaps tying in dairies in Bulandshahar in UP or Bikaner in Rajasthan for supply to Delhi. Besides, an identified surplus milk producing district does not allow any dairy industry to be set up within its boundaries.

This ensures that milk is not turned into more lucrative products like powder, *ghee* and *khoya*. The co-operatives by the finance ministry's reported desire "to break the monopoly of the co-operatives". Currently, 7 million farmers organised into 67,000 milk producer co-operative societies (also known as the Anand type co-operatives, with the NDDB as its apex body) handle 70 per cent of the marketed milk in the country. The rest of the milk is handled by the unorganised sector and the private co-operatives. And the NDDB sponsored co-operatives are primarily responsible for the country's supply of liquid milk.

"All state co-operatives sponsored by the NDDB are legally bound to supply liquid milk to the designated areas," says an NDDB official. The same is not true for the private co-operatives and the unorganised sector. That allows both these sectors to have the most profitable product mix, between milk, butter, cheese,



Will private entry mean less milk?

then transport liquid milk to the designated milk deficient areas. The co-operatives have until now accepted the 10 per cent return on investments that liquid milk supply and a varied product mix provides them. Now, with free entry, all the liquid milk is likely to get diverted by private industry to the more lucrative value-added dairy products (milk sells for Rs.10 in the free market versus Rs.7 that the co-operatives get now). Liquid milk supplies provide a return of only 4 paise to Mother Dairy on a price of Rs.5.50, clearly unsustainable in a free market.

Much of that policy change is inspired *ghee* and *khoya*. "So all we desire is for the government to lift the obligation of the co-operatives to supply liquid milk."

In the past, there was sufficient legislation to prevent private dairies to proliferate. That legislation was, however, never successfully implemented and which has resulted in illegal installations that have eroded the supply of the co-operatives. The agriculture secretary did write to his counterpart in the industry ministry informing him of the adverse implications that such a policy would have on the country's milk grid.

"But what is to be done about the private co-operatives that have already

come up?" industry secretary Mathur is believed to have aske hardly possible to uproot then Nevertheless, since the industry lio is held by the prime minister any repealing of the industrial po need the approval of the entire Finance minister Manmohan Si out a discouraging message la with his announcement in Par that "no reversal in the industria is possible now".

Speaking at the XXIV Dairy try's Conference in New Delh presence of agriculture minister Jakhar, NDDB's Kurien welcon licensing of industry in general. same time, he said, "But t operative dairy sector should also caged from its social obligations ing liquid milk to the deficit stat the surplus states." Since that ca done, Kurien is against delicens dairy industry. He said, "The pri dustry has no commitment to sup uid milk to consumers. Instead, th supply milk for the manufact value-added products like cho which are consumed by a small of the population."

Besides decrying delicensing, t cial session for milk producers conference passed a resolution de ing two things. First, the milk pro demanded privatisation of gover dairies, beginning with Mother and the Delhi Milk Scheme, pref with shareholding by co-operative ond, they demanded an amendm the Co-operative Societies Act in dance with the recommendations Chaudhary Brahm Prakash com to reduce interference from bureaucracy.

Private traders, however, believ the Mother Dairy and the DMS's po procuring milk only from th operatives is what is causing the de supplies in the first place. "If the cured from private trade too, the obtain more milk than they know to do with." For the moment, how the co-operatives insist that the re clauses in the industrial policy wil to be repealed to disallow private industry into milk surplus districts erwise, the shortage of liquid milk more acute than it has been this su

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e-entering India

ming back of the US giant will ginger up local manufacturers

Blue is inching its way back into country. "Yes, the Department tronics has received a proposal atas to set up a joint venture with tional Business Machines in confirmed a senior official in the ment, thereby ending the specula- ether IBM would re-enter India at

proposal, which is presently valution with the DoE and was ed a fortnight ago, has exports as or thrust. According to informed , it will have four separate lines of s: manufacturing an estimated IBM personal system/2 range of ers, of which 75 per cent will be d; software exports; developing e for the education segment and g components for IBM products ithin India. "It is very similiar to si approach," opines another of- the DoE. One of the objectives of ture clearly is to utilise India's t technical and software skills.

tanding ties

software exports business, IBM's anding association with Tata tancy Services (see Corporate on TCS) will hold them in good Developing software for the edu- egment also makes a lot of sense veen themselves, IBM and Apple, a large segment of the education in the US. Similarly, software ex- also a high potential area since urrently has 6,000 professionals oing software for the export

risingly, IBM's entry into India unduly concerned the industry. most large companies with for- -ups welcome the move since they compete with IBM in the world . Wipro Infotech's CEO, Ashok ays, "For an industry that is ma- nd growing you must expect the ny's entry."

n will depend on IBM's focus. In sonal computer range, the inter- l market is fragmented with IBM with its micro channel architecture and the OS/2 operating system on one side and everybody else on the other. Their performance in India will depend on whether they propose to push the OS/2 or MS-DOS operating system on their PS/2s and their pricing strategy.

The product which will give the Indian industry sleepless nights will be the AS/400 range of minicomputers. The AS/400 is the world's most popular minicomputer. Last year it contributed 15 billion dollars to IBM's total sales of 60 billion dollars. According to industry analysts, the Tata-IBM combine will initially most probably import this machine through foreign exchange earnings and later commence its manufacture.

"The AS/400 sells very well and has found very good market niches for itself," says Shiv Nadar, chairman, HCL Ltd. "Within India, IBM has a very good

following among multinationals, who will opt for the higher range of machines. They can easily sell over 200 machines a year," says Shashi Ullal, a former IBM employee and presently operations director of Modi-Olivetti Ltd. The minicomputer market within India is estimated at Rs.200 crore and growing at 20-25 per cent annually.

Changing scenario

On the whole, with IBM's entry, local manufacturers will have to shape up and pay more attention to issues such as quality, which have been overlooked. But in the long run, this will prove to be beneficial as it will make Indian products competitive in the global market. Worldwide, the economics of computer manufacturing has changed, IBM has realised rather belatedly. It is not feasible to manufacture everything under one roof. As a result, the US giant has resorted to sourcing from third parties, components that meet their exacting quality standards.

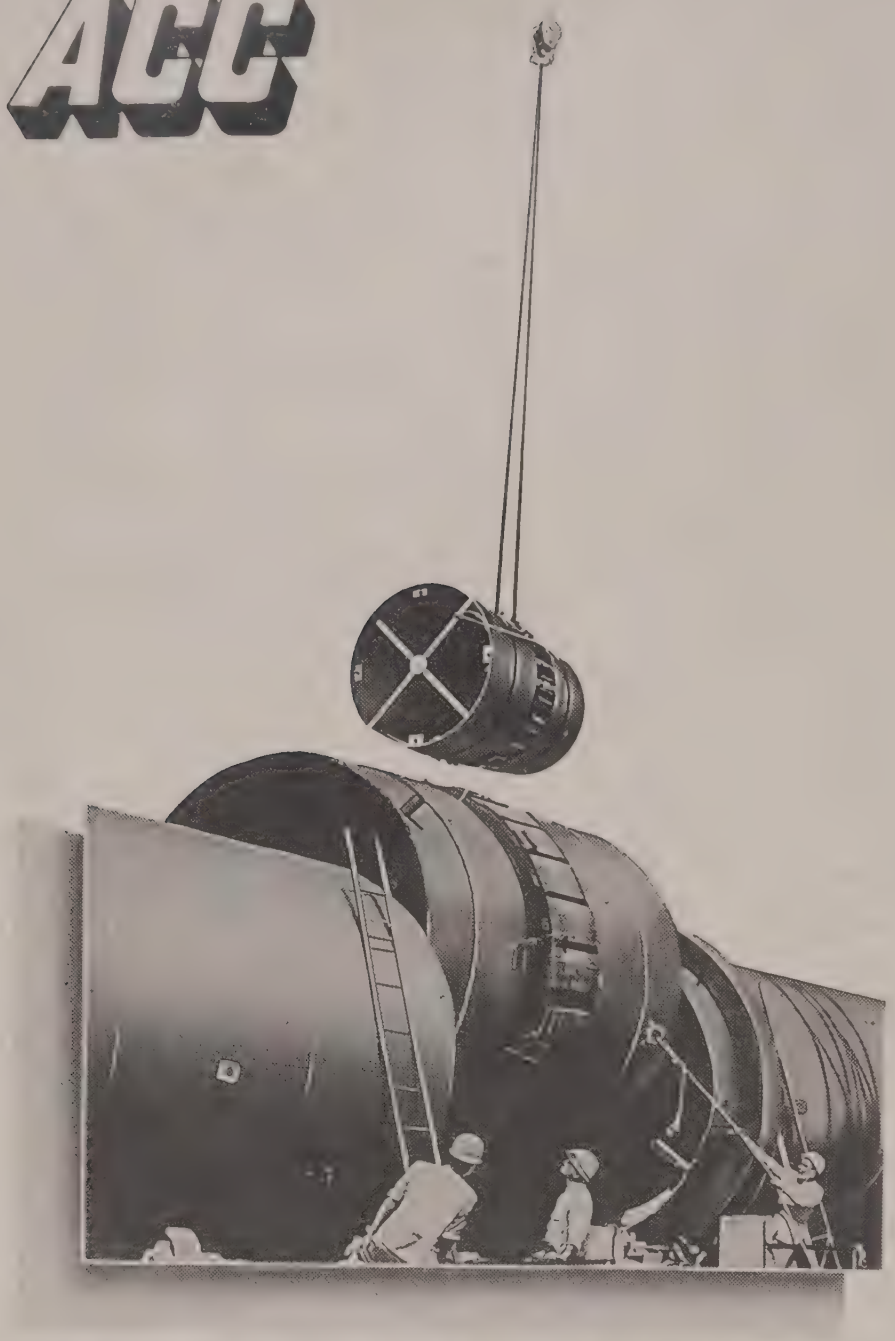
Personnel from IBM's Singapore international purchase office have visited companies in India over a year and evaluated their products. One of them, the SEEPZ, Bombay-based Tandon Magnetics, which had earlier sold Winchester headstacks through Western Digitals to IBM, is on the verge of finalising a deal to supply switch mode power supplies directly to IBM.

"IBM's decision to source products in India is a good thing," says Soota. "It is a recognition of the fact that we have a good design capability." This decision will not only strengthen our vendor structure to international standards, it will also help Indian companies launch into the international market.

What, however, is unclear is the project size. Sources indicate that the proposal mentions a figure of Rs. 100 crore. Small by general standards, but for an industry with non-fixed capital such as manpower, a reasonable size. The project, however, is a win-win situation for everybody concerned — Tatas, IBM and the country. If everything goes well, this project will go one step further in taking the Indian computer industry closer to being truly global.

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ORT PRICES

A balancing act"

fanfare accompanied the governnt of India's annual exercise of reg (read increasing) support prices ricultural commodities last fort-The agricultural minister, Balram 's proposal to hike procurement was debated in Parliament for 18 Although some 70 members of use spoke on the subject, little was the end of it all, apart from the political cliches like 'helping the armer'.

newspapers too, placed the event Soviet Russia and the VHP agitamd on par with the bickerings in ata Dal. Jakhar's proposals were passed and quickly forgotten.

le annual increases of between 5 per cent have become a regular now, this year's budgetary pro-o hike fertiliser prices by 30 per as had a direct bearing on the l revision of procurement prices. erage increase over 1990-91 has 8.5 per cent and according to M.S. , special secretary (food) in the ry of agriculture, the increase have been 4 to 4.5 per cent less but fertiliser price hike.

for cotton

binet by and large stuck to the recndation of the Agricultural Costs ices Commission (CACP), except in e of cotton where it hiked prices 20 per quintal over the increase ed by CACP. Explains R.P. Sinha, r secretary, CACP, "We have some crops every year where the supprice hike is substantial. This is with a view to encourage more s to grow those crops."

will be the second consecutive nen cotton gets a boost — last year P. Singh government had raised port price by Rs.90 per quintal. the motive for taking this step is ater foreign exchange revenue otton exports, industry represen-fear that this step will only push rket price up thereby reducing bility from exports.

there is a danger in pushing up t prices indiscriminately — it may encourage inefficient farming, which is not our intention," says Sinha. Adds Bhatia, "There is always a possibility that in computing costs, farmers in some states are getting compensated for inefficiency. Fixing procurement prices is therefore a balancing act." The normal practice has been to give more weightage to costs in the surplus states of Punjab, Haryana, Andhra Pradesh and western UP where the applicability of support prices is more probable.

Support prices for kharif crops are recommended by the CACP every year in March after evaluating cost escalations in variable input factors like fertilisers, seeds, diesel, labour and power. The government normally decides on the hike by the month of May, but the process was delayed this year because the minority Chandra Sekhar administration could not take major decisions. Even then, the presentation of the budget meant that the CACP had to revise its earlier recommendations to take into account the fertiliser cost.

Pricing poorly defined

Agriculture ministry officials confess that computing the fertiliser variable proved difficult because of the government's announcement that 'small and marginal farmers' would get fertilisers at the old price. It still remains to be ascertained as to how fertiliser dealers will identify this section that is entitled to the old rate. "This is very puzzling, to say the least," says one bureaucrat. So, what the CACP did was to merely add 30 per cent to the fertiliser component in its computations.

Because market prices of most cereals and pulses are already higher than the government's support price, CACP officials scotch the theory that this hike will contribute in a big way to inflation. "On the contrary, it is the inflation in other items that has led us to revise the support price," says Bhatia. Though the rate of increase in procurement price over the last five years has been less than that of the wholesale price, the CACP was told to keep the galloping rate of inflation in mind while computing the prices.

Since procurement prices are meant to support the farmer in periods of glut, most of the prices fixed by the government are notional because during normal demand situations, market prices fetch a higher return for the farmer. The only loser will be the government-owned Food Corporation of India, which is the largest single buyer of paddy. Says one official, "Despite a fourth good monsoon, the possibility of a glut appears remote. The growing population is expected to sustain current demand."

■ R.S. VENKATESH



Madhav Reddy

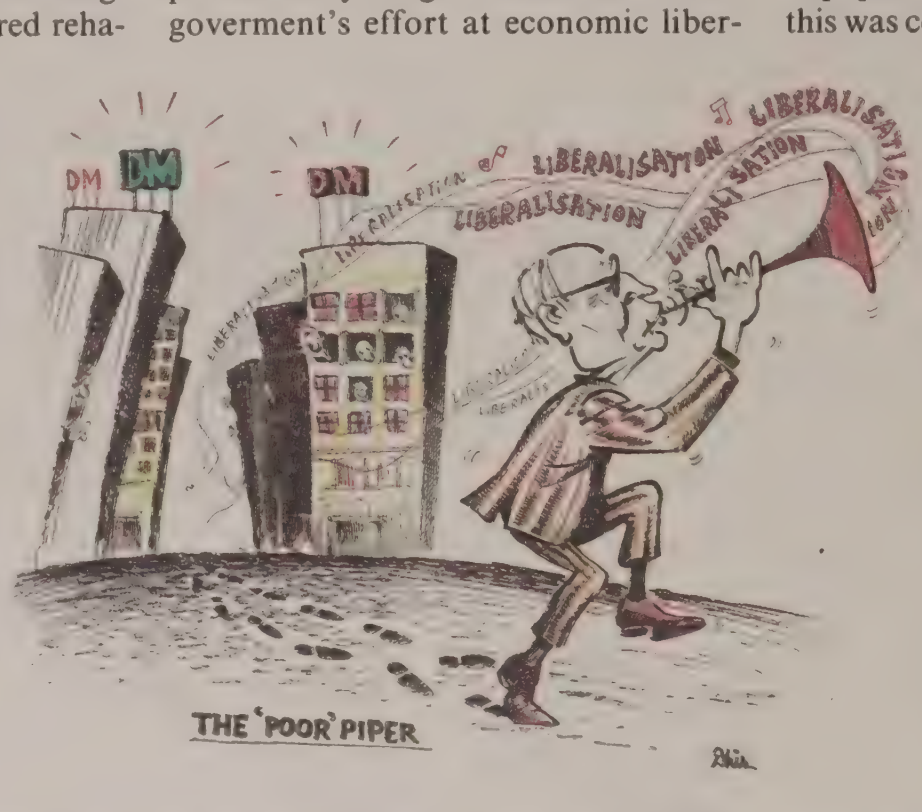
Most prices fixed by the government are notional

PM's AID QUEST

A cool response

The opening of the year long Festival of India in Germany was the official reason why prime minister Narasimha Rao was in that country last fortnight. It was quite clear, however, that he was going to use the opportunity to plead for larger German economic aid for, and investment in, this country. But Chancellor Helmut Kohl, not very unexpectedly, politely told him that Germany's priorities lay elsewhere for the time being. Erstwhile East Germany required rehabilitation, the European Community had to be consolidated and the Soviet Union was breaking up. So nothing much for India for the time being. However, when India's case for a loan came up at the IMF, the German government would put in a word in its favour.

The official Indian line is, of course, that Indo-German economic relations could be expected to take an upswing as a result of the visit, but when pressed at a conference at Bonn, Rao himself had to say, "I did not come to gather commitments and take them home". An agreement for aid was signed at Bonn, and the Germans agreed to give India DM 390 million (about Rs.450 crore) for 1991. But such agreements are signed every year, and this year's was no exception. So no great achievement. Foreign secretary Muchkund Dubey said that 56 per cent of it was "in quickly disbursible form", but was unable to specify how much was tied to purchases from German sources. About 150 DM million is for fertilisers, which is believed to be tied to purchases from Germany.



Reforms irreversible

Although Rao got nothing in concrete terms, he was able to explain to the German government and industrialists that India was rapidly moving towards a free market economy with liberalised government policies, and foreign investment was welcome more than ever before. Also, that the changes effected in economic policy were not a "contrived event", but the culmination of a process started many years ago. The changes, by and large, had the support of different shades of political opinion in the country and therefore the reforms were "irreversible", whoever might be in power. By itself this was a wise thing to do, because the German press had hardly reported anything about the new goverment's effort at economic liberalisation. As Rao himself said, "The speed of communication of changes has to match the speed of changes".

Nevertheless, the prime minister's question-answer session with the German industrialists was a well attended one. This was partially made possible by the spade-work done by a team of Indian industrialists attached to the Indo-German Chamber of Commerce and the CEI who were despatched to Germany well in advance. But at the meeting itself, Rao had to face sharp queries from the German industrialists which revealed their concerns. Said Matthias Seefelder, chairman of BASF, "There is no improvement in the situation regarding protection of intellectual capital in India, especially in the chemical and drugs industry. India's attitude in the Uruguay round is negative, there are no product patents and royalties for drugs are too little." And Jorg Henle, chai Klockner and Co, went on to "Trade is not a one way proces cannot export from India first, w to be allowed to import into India

Tough export rules

Herbert Kroll, director, MICO pointed out that the rules of expor India were too tough and there wa of paperwork which had to be don this was counterproductive. He als that the rates of corp taxes in India were too and the limit of divi set for export earning likely to be a problem the sharpest comment from Peter Clausen, c of F.A. Wilhelm Cla He said, "It is all fi have liberalisation, bu will realise that an idl reaucrat has a lot of sance value. The bu cracy is not going to their powers so easily.

A visibly embarra Rao however sought t plain this by saying tha bureaucrat in India w "well trained animal" ways taking orders from politi ready to implement the policies s them. But not many were convince the question of patents, the prime m ter however came out very strongly ing that the stand India took was li to the interests of the underdevel countries and its own national inte and could not be changed immedia

Outside the meeting, Juergen L. Schlabrendorff, first vice-presi Deutsche Bank AG, told *Business I* "We are all appreciative of the cha made by your government. The id the exim scrip is especially good. I you want investment and techno from German companies, you open your vast market for them to especially for consumer goods." Th a way sums up the German respon the reforms in India.

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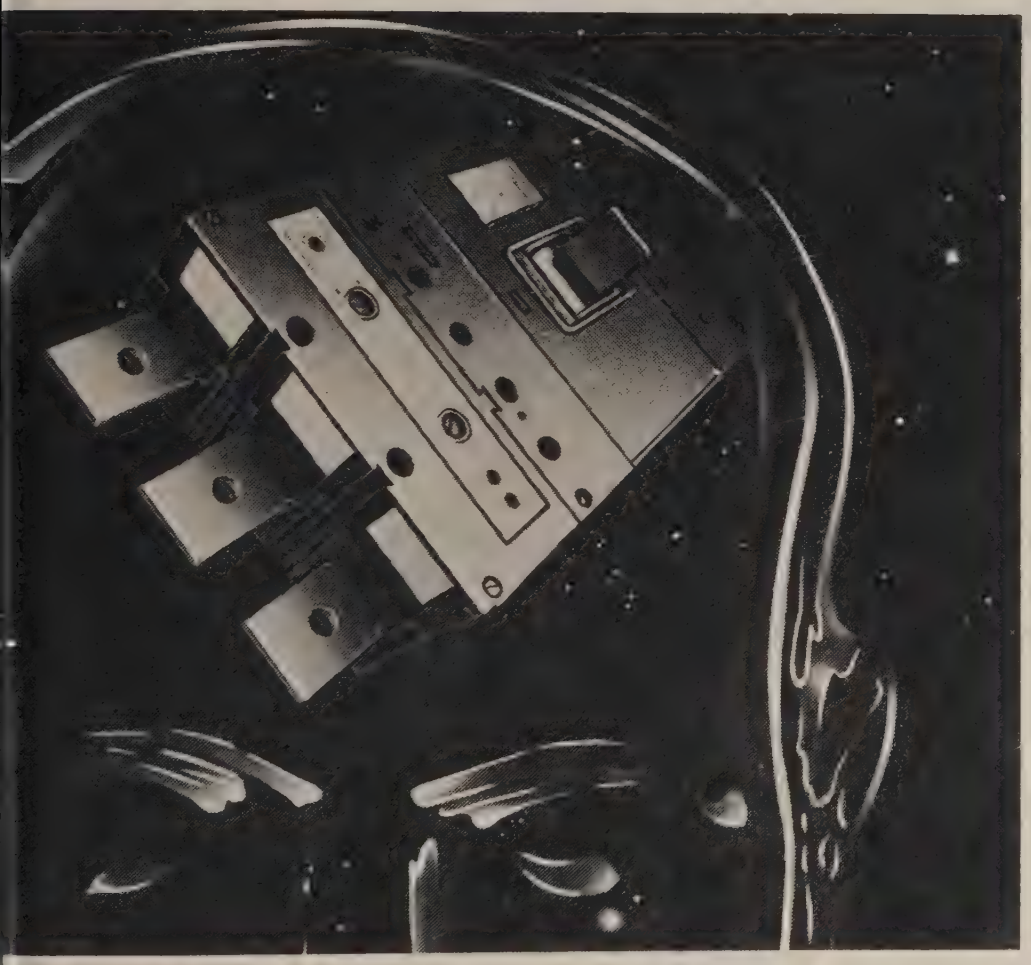
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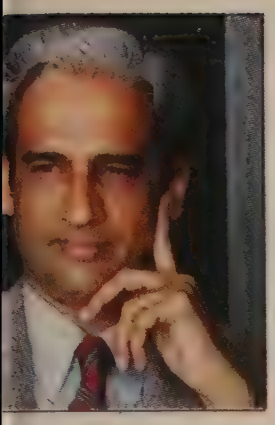
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PARTICIPATION

Familiar questions



ASWAMY

I recently completed a hectic ten days of travel in Germany, trying to understand how their system of co-determination works in practice. When it comes to participatory management, our employers and trade unionists alike take a rather gloomy view. They don't think it can ever work, and the grounds for their pessimism have been so often repeated that they are now common knowledge.

Meeting trade unionists, chairmen of works councils and personnel chiefs in varied industries was a good occasion to raise all the familiar questions that dominate Indian thinking. The answers to some of them were convincing.

First, the role of law. Is it reasonable to expect that a participatory style would some day evolve on its own without statutory compulsion? Out of the question, was everyone's answer. Although Germany has had a co-determination law since the twenties, the genesis of the present system traces back to the cataclysm of the second world war. Ironically, it was British experts who helped Germany evolve a system based on consensus, so different from their own adversarial and destructive style of industrial relations.

The law appears to be necessary not only to create a participatory system but also to sustain it. After fifty years of experience, the opinion of both managers and trade unionists is that the system would not survive if its legal underpinning were removed. A vice-chairman of the supervisory board pointed to the tomes on his shelf with the comment that they were the foundation of the system; it was from them that he drew his strength. Significantly, the very people who say that the system would collapse without the legal base also say that co-determination is an effective method of finding a consensus over issues fraught with the potential for conflict.

Information sharing is fundamental to any system of participation, and so it is to co-determination. The law compels employers to provide their employees with information over any issue that might affect their interests. This is a sweeping provision whose significance will be discussed on another occasion. The immediate question is whether labour can understand the complexity of running a business. Can employees understand complex investment decisions, for example? In our country, we have argued that workers lack the education to get into all this, but neither the managers nor trade unionists in Germany saw this as a problem.

The personnel director of Krupp Steel did not think that the lack of specialised qualifications posed such a hurdle. His company was involved in building some cement plants in India, and he felt that we often got workers with better educational qualifications than they did. Cement was a low prestige industry in Germany, whereas his impression was that we got workers with draughtsmen's qualifications and draughtsmen with engineering qualifications. A similar question was put to the vice-chairman of the supervisory board representing employees. He himself had studied business economics, but he was quite perplexed by the argument that lack of technical knowledge was a great barrier to participatory management.

We think of participation as an excruciatingly slow method of decision-making. If employees and their representatives have to be consulted at every step, how is business to be managed? Those who ask the question prefer to forget that the most aggressive businessmen in the world — the Japanese — are also the greatest believers in consultation. When questioned on this, the personnel director of Thyssen Steel admitted that it did take time. But, he said, knowing the process you simply started early, so that you have a decision in time. He did not think that the exercise of management authority necessarily led to faster decisions. The opposition they ran into after the decision became known made it slower in fact. He did not subscribe to the view that participatory forums were talking shops which debated issues endlessly. Decisions had to be made and they were, was how he put it.

What happens to business secrets in this system? Would not employees, being less responsible than managers, damage the interests of the company if provided access to confidential information? To this, a trade unionist replied that the system did not merely confer rights on employee representatives; it also cast responsibilities on them. The law required them to protect the confidentiality of the information they got. A young British lawyer who was present remarked that the

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HIGHLIGHTS

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EPS: Rs. 14.91
Market Price: Rs. 135 (as on 20.08.91)

■

Manufacturer of World Class Washing Machines now plans to double its capacity for meeting growing demand for various models of its product

■

Washing Machines manufactured in technical collaboration with Matsushita Electric Industrial Company Limited (Matsushita), Japan which is owner of the world renowned brand name 'National'; ranked 17th among the biggest industrial corporations in the world in 1990, by FORTUNE magazine

■

Uniquely designed, cooling efficient, Airconditioner has been launched successfully

■

Introducing international quality "NO FROST" Refrigerators as per drawings and designs of Matsushita. Also introducing Vacuum Cleaners and Bread Making Machines

■

Backing of nation wide distribution network of VIDEOCON Group for marketing the products

■

Attractive Backward Area Sales Tax Benefits

■

Issue of Fully Convertible Debentures. First conversion after 6 months

■

Listing at Bombay, Ahemedabad, Bangalore, Calcutta, Delhi, Madras and Pune Stock Exchanges

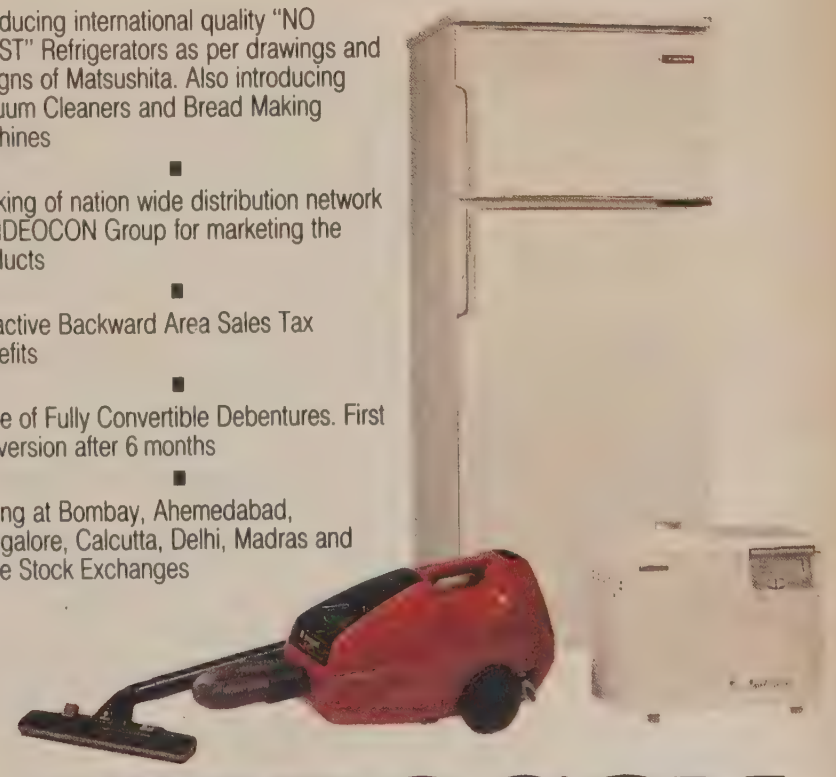
■

Risks as perceived by the Management
Competition from existing manufacturers of Airconditioners, Refrigerators and Vacuum Cleaners

Introducing Bread Making Machine for the first time in India. Marketing may require special efforts

Fluctuation in premium on Exim scrips for importing raw materials will affect profitability to that extent

PUBLIC ISSUE OPENS ON THURSDAY, 19TH SEPTEMBER 1991



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need to protect the confidentiality of business information was a major argument against participation in Britain. But that is simple humbug since trade unionists in any case know all that there is to. The reason why employers held back on information was not to protect confidentiality but to keep off from joint decision-making. A formal system of information sharing was the beginning of joint decision-making, which was what the British — and we in India — did not want.

Is it enough for employee representatives to have access to information and the power of joint decision-making? This was, after all, indirect democracy. What about the ranks of workers? The system requires works councils to hold quarterly meetings to disseminate information. The employers work at information dissemination in tandem with the unions to reach across directly to employees. Even so, much depends upon how earnest employers and trade unions are. The system seems to work in large enterprises with a well organised trade union, but not in smaller ones.

Then there is the question of parity. Can participation work without parity representation between labour and management? Germany has both systems — employees have parity with the employer in the powerful supervisory board in coal and steel, but only one-third representation in all other industries. What were the differences between the two systems? There was no difference, was the unexpected response, because participation was not a system of decision-making through ballot. Labour and management had to work with each other to find mutually agreeable decisions, and this had to be done whether or not there was parity. The cost of an unacceptable decision was the same whatever the system, and labour could not be ignored or pushed around just because it lacked parity.

Being a comparative sociologist; I was trying to go beyond the apparent to identify the fundamentals which made the German system tick. Practically everyone said that what worked in Germany may not work elsewhere, whether out of modesty or some other consideration one doesn't know. While systems can of course not be transplanted wholesale from one society to another, it is unnecessary for all to reinvent the wheel.

Trade unionists and managers were more comfortable with matters of fact than with such seemingly metaphysical questions, but nevertheless they did provide some useful leads. It was the absence of sharp class distinc-

tions, said the personnel director of B
and Voss, the shipbuilders of Hamburg
built the legendary *Bismarck* that terr
the British during the second world wa
two world wars had done much to brea
cial barriers, providing a congenial a
sphere for participation.

I travelled back instantly to a presenta
had made at Bharat Electronics se
months ago. Their CMD asked me whet
was not necessary to whittle down class
status distinctions if our industrial rela
and productivity are to improve. Agr
with him, I added that the privileged w
fight every inch of the way before givi
He appeared to have put his finger o
button.

During the spring and summer of 199
rope was deeply caught up in the dialog
integration. Everyone was debating the
for a common industrial relations syste
the European Community. What would
system be? An academic said that the futu
the co-determination model obtaining in
and coal was dark as coal! They were de
ing industries, and no other industry wa
to be saddled with parity participation. In
trial groups which had diversified wante
limit labour's representation to a third, a
ing that steel and coal represented on
small part of their business.

Their opposition was not to participat
but to parity. They did not prefer the Fre
Italian or British system of industrial r
tions, but wanted labour's representatio
the supervisory board reduced to a third.
sounded illogical. They all said the sys
worked well, and labour had to be car
along whether or not parity existed, but
ertheless wanted to limit labour's represe
tion. How did one explain this? There wa
direct answer to this intriguing question.

A seasoned observer of the labour sc
from one of Germany's foundations, c
firmed that I had not misunderstood w
they said. Every manager, he said, agreed
co-determination worked, but every
wanted to shift from the parity model. Ev
tually therefore, the answer must be infer
Parity gives labour a level of influence that
riously infringes upon the capitalist's ri
over his capital, which is difficult to accep
a society where property rights are sacr
For the same reason, our own employers,
pecially in the private sector, would find it
ficult to accept any kind of participation a
unless compelled by statute. It is not simp
matter of time, as they would have us beli

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SOFTWARE THEFT IS A CRIMINAL OFFENCE.

reign invasion?

reigners are coming! The for-
ers are coming! Alarm calls are
ding through the Indian mar-
e. Local brand owners are hun-
down in anticipation of the
n. Many predict that the de-
of our commercial frontiers will
ttle resistance to the might of
ltinationals. They point from
na to Australia from Ireland to
sia where global (read US)
have swept away local wares.
nese maidens have discarded
imonos to don Levi jeans.
ore noodle joints are catering
ky fried chicken. In China, party
are switching from black tea to
Coca-Cola. Even in England, the
noured fish'n'chips have been
l aside by McDonalds fast foods.
nance then have Indian goods be-
ernational marauders?
rary to standard expectation the
s may find India a somewhat dif-
attleground. Mrs. Desai or Mrs.
aniam is a highly ethno-centric
er. She stubbornly resists at-
at changing her time-revered pat-
of rearing, eating, drinking,
g, entertaining — in fact her *San-*
xcept for a westernised fringe in
y, and perhaps, Delhi, the Indian
er is going to be a hard nut for
-oriented products to crack. Wit-
depressing performance of pizza
ange-flavoured powder, instant
ni-tech soups, diet drinks, etc.

ng innovation

other hand, if Indian house-
can see clear advantages to new
doing things, they are not averse
oting innovation. Have they not
o such new-fangled doodahs as
te noodles, music cassettes, wash-
chines, etc? How then should an
s marketer gauge his chances of
? Ironically it was an American
cientist, Everett Rogers, who in
oposed the Theory of Diffusion
the acceptance of a new product
across a market. He put forward
ributes that a new entrant should
if it can hope for a measure of
: compatibility, relative advan-
tage, complexibility, trialability and perceivability.

Compatibility is the degree to which a new product fits into a person's established practice or behaviour. Clearly, if a housewife is accustomed to washing clothes in a bucket, she will be reluctant to adopt a dry cleaning agent. Or if she hand-rolls *chappatis* for her family, a pre-cooked alternative would not be compatible with her self-image as a caring provider. Similarly most cold cereals, porridge or muesli would not be compatible with most *desi* breakfasts.

Conveying quality

Another attribute that influences change is relative advantage. "Will the new article give me something extra over my present product?" If it has a relative advantage it's in with a chance — if not, forget it. Too many new aspirants, both foreign and Indian, fail to provide a relative advantage and consequently go to an early grave.

Hertz, the rent-a-car Goliath, would be more successful, if it could convincingly put across its relative advantage over local competition — which as yet it has failed to do. Adidas footwear is a name that has world markets at its feet. The absence of a demonstrable advantage has made Indians slow to lace them on. On the other hand, Benneton has been successful in winning a share of fashion street because it has conveyed cotton quality and international styling (priests kissing nuns nothwithstanding).

Perceived complexity deals with the difficulties a consumer may encounter using the new product. Home computers, after the initial popularity of their electronic games, required deeper technical expertise to handle. After initial euphoria, the fad soon faded and the items are now ironically described as "attic computers". Complexity of handling has perhaps slowed down the acceptance of electronic typewriters, VCRs (as opposed to VCPs), microwave, ovens, et al.

Trialability refers to the degree to which a product can be tried out on a limited scale. Inexpensive, frequently purchased household items can be made available at 'lower risk', either through a price-off or a small trial pack or even a free sample. Some years ago, this writer was associated with the unsuccessful launch of a mosquito repellent cream. It was miles superior to the brand leader in every product dimension. But it flopped. Simply because the market leader's fast-moving tube size was 500 gm and the new entrant launched with only a 1,000 gm candidate. Western marketers possess a heap of proven techniques to secure trial including the "lower get-acquainted price" We should be seeing a lot of action on that score from the visiting hucksters.

If it is to succeed, the benefits of a new product should be communicable i.e. easy to show, easy to describe like the relief from a headache pill. Garlic pearls on the other hand suffer the disadvantage that the user cannot easily determine whether his cholesterol levels have gone down. A Vicks iron-fortified product, not heard of much recently, once promised to generate richer, redder blood. The poor punter could scarcely be expected to shuttle back and forth from the pathologist to see what good the pills were doing him.

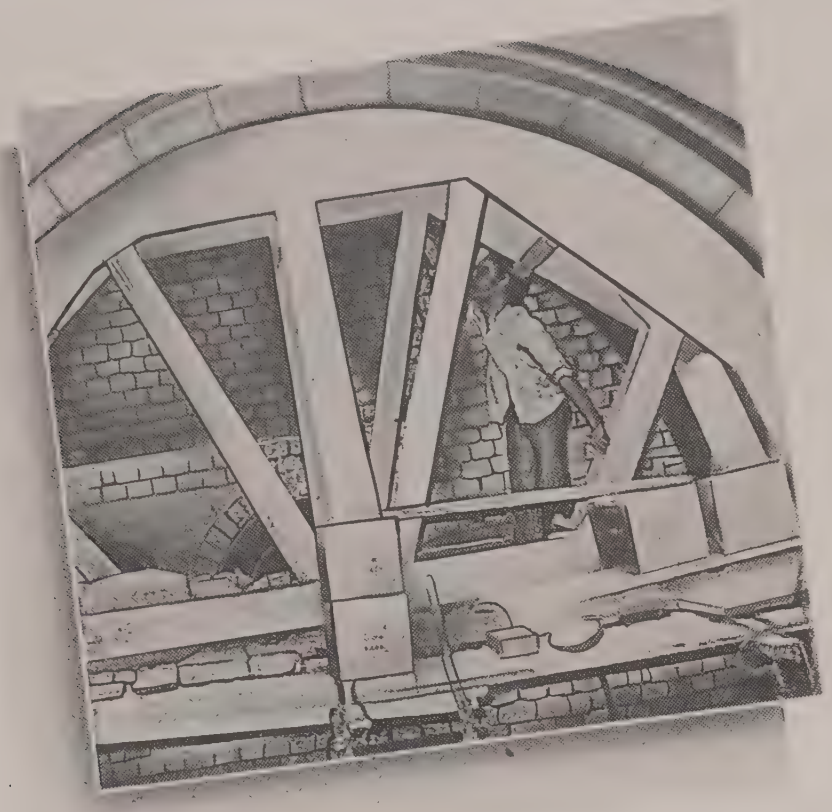
Rogers' diffusion model shows that the most compelling new product attribute is relative advantage (97 points) followed by communicability (71), compatibility (39), trialability (17) and complexity (11). Western markets entering the sub-continent would do well to ponder Everett Rogers precepts before they can confidently hope to overrun Indian bazaars.



SYLVESTER DA CUNHA

The author is chairman, da Cunha Associates Pvt Ltd

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ED FOOD DRINKS

uyers prefer brown

nore new brands of brown beverages coming in market leader
vita prepares a new pitch to stave off competition

being off the air for over a de-
e, the once-popular radio pro-
, the Bournvita Quiz Contest got
d lease of life recently. The 27-
ng contest, kicked off in early
part of a new advertising cam-
r a product whose leading posi-
he brown powder segment of the
food drinks (MFD) market is now
ed by other big brands, such as
ul and Boost.

the biggest player in the MFD
, launched Chocolate Horlicks
uary and is selling it on a nutri-
s flavour catchline. Jagatjit In-
s' Viva will now also be available
colate version. And the growth
ver of Glaxo's Complan in 1990
per cent — almost double that of
te powder segment. Two-thirds
plan's turnover is reported to
me from sales of the chocolate-
ed variety.

competition is reason enough for
y India Ltd to worry about
ita's future. Bournvita currently
6 per cent of the highly competi-
own powder segment. Vinod
n, vice-president in charge of
y's food and drinks division, ad-
at one of the reasons for Bour-
new campaign is increasing
ition, but points out that the
annual growth rate of the white
t is important too.

rse race

red to the brown powder seg-
which Boost, Maltova and Nut-
also have strong presences, the
egment is virtually a one-horse
ith Horlicks having cornered 71
t of the market. Horlicks and
an together account for nearly 90
t of the whites market. HMM offi-
lieve that a chocolate flavour will
m more sales.

is has resulted in the concentra-
activity now witnessed in the
segment of the market. Though
ning has not changed. Dhawan says that Bournvita has always been pitched as a drink that keeps one physically fit and, consequently, mentally alert. Publicity for Bournvita is planned to highlight these two aspects. Hence the quiz contest and the athletic meets (which the company plans to re-start from this year, too).

definitely tilted towards either white or brown. As such these regions have decided brand loyalties and are difficult to break into. It is only in the south that the gap between the two segments is narrow. Whites have a 58 per cent market share and browns 42 per cent. This makes the south a good region to prospect for more consumers. The south is also the largest regionwise MFD market. It accounts for 57 per cent of total sales followed by the



The target segment is school children in the sixth to the tenth standards and young adults, particularly young parents. Dhawan says that establishing an emotional bond with children helps win sales later when the children grow up and have children of their own.

The choice of All India Radio stations from which the Bournvita Quiz Contest is being broadcast also tells a tale. Of the 16 stations, eight are in south India, five in the west, two in central India and 1 in the east. The reasons for this, Dhawan says, is that radio listenership in the south is high, in some states even higher than viewership for TV.

This pattern also coincides interestingly with an MFD market trend. In the north, west and east, the markets are east whose share is 25 per cent; north and west equally account for the rest.

But now, with the emphasis having shifted to include flavour, all the whites in the market — including Complan — have started turning to chocolate. And this has put pressure on Bournvita, which suddenly finds itself surrounded by competing brands that not only have a chocolate flavour but also still stick to their original promise of being highly nutritional.

Bournvita's new campaign has already commenced. The other companies have not launched new campaigns, but these could be on their way, and should lead to an interesting tussle for bigger shares.

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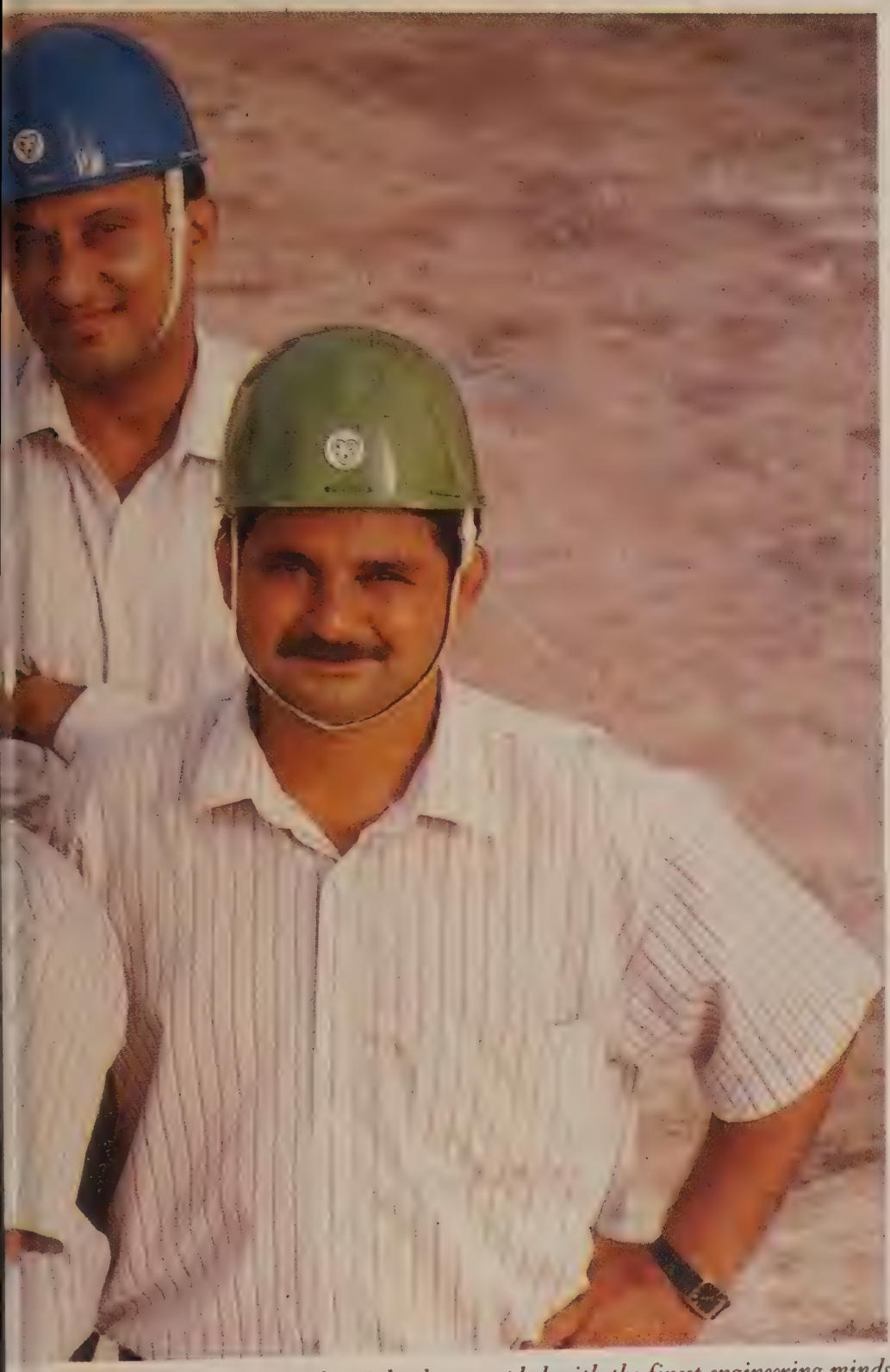
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REGIONAL BRANDS

Kings on their turf

Small-time operators are giving the larger, national companies with country-wide marketing networks a run for their money

A good number of southern housewives prefer to scrub their dirty linen with Ponvandu detergent soap and wash their hair with Chik shampoo. Fun Munch potato wafers are all the rage with kids in Calcutta while their mothers would much rather bathe with Margo soap than Lux or Cinthol. Similarly Mysore Sandalwood soap has a loyal consumer constituency in Bangalore; Delhites reach out for Campa Cola to quench their thirst (Pepsi notwithstanding); while for many Bombaywallahs only Duke's lemonade will do.

Such differing tastes and preferences have led to the rise of regional brands in practically every product category — from teas to TVs, soaps to soft drinks. Though their brands may be relatively unknown outside their limited base, regional players command significant market shares and strong brand loyalty from consumers on their own turf. They have also been able to hold their own against mightier names that have a national profile.

In December 1977, soon after Coca Cola had just been shown the door, a Bangalore-based bottling agent for Coke was confronted with the prospect of going out of business. So Bangalore Soft Drinks Pvt Ltd did the next best thing: it conjured up its own concoction. Torino is now the market leader in the orange drink segment in Karnataka and Tamil Nadu. "Torino's light orange flavour is perceived as the best available," says technical director Pankaj Lakhani. No idle boast this. For the company has 13 small-scale franchisees (including one in Gujarat) and 5,000 dealers in Bangalore city alone.

Like Torino, other manufacturers and marketers have begun to appreciate the virtues of operating in niche markets, geographically speaking. Indeed, when questioned, regional players themselves admit that in a smaller sized market, they have more control and can cope with diverse market forces.

"There are several advantages that accrue to regional brands," explains Brinston Miranda, a Bombay-based marketing consultant. "There is a synergy and there is control. It is easier to understand the characteristics of a particular region rather than to get a grip on the overall market. Sometimes the question could be that of quality control or



Lakhani: conjuring up a winning concoction



Chandramogan: successful stra

else production capabilities coul
it imperative for manufacturers
themselves to certain ma
pockets."

Clearly, the one overriding
why regional brands spring up (a
subsequently remain regional)
prohibitive price tag of a n
launch. Take adv
costs. Any ca
that hopes to b
profile must nee
vertise frequent
prime television t
which case, one is
about an allocat
about Rs.1 crore
pared to that, eve
centrated advertis
local television a
dio network is
much cheaper.

It was such a s
that enabled M
based Arun Icecr
give a licking to na
stalwarts like K
and Joy. The
Market Researc
reau's survey for 1
veals that Arun ha
per cent market sh
the southern city
did Arun mana
whip up its sales

nd at Rs.4.5 crore) and move
top slot?
slow going in the early years be-
970, when Arun was launched,
0. Then Arun began to look for
Instead of taking on the compe-
the metro, we decided to focus
emi-urban areas first and then
e city proper," explains T.G.
amogan, managing director of
Foods Pvt Ltd, owner of the
and. And that it did, offering lit-
s like a home delivery, got Arun
yalty.

ear, Arun made its debut in Ban-
e where its experience has en-
d Chandramogan to reach out
afield. This March saw Arun
sioning its second ice-cream
Salem which will cater to Kar-
and Kerala. Within two years,
amogan feels that Arun should
preme in the entire southern re-
ter which, he has an eye on the
chance.
from the savings made on ad-
g, there are benefits to be had
calised distribution too. Econ-
n this front help regional opera-
price their wares very
tively. A price-conscious con-
would be easily won over by the
ice tag. Indeed, economy does
overrule brand name in con-
urables, for instance.
Delhi-based Glamour Electricals
n cashing in on this factor since
nen it started business. Glam-
vens, geysers, room heaters,
mixers and such like are re-
to the northern market. "Since
ducts score over the national
n terms of price, our emphasis is
incing consumers that our qual-
ches that of the better known
" says Rajesh Kapoor, manag-
ctor of Glamour.
aning strategy is to offer quality
ot just on par but distinctly supe-
he stalwarts. That's what helped
newcomer Jumani Icecream
adway in Hyderabad. Jumani's
y is fancy flavours. Black Jewel
e layers of cake spiked with a
te sauce; even its ordinary stick
n is different — the banana fla-
shaped like the fruit. These are
ed" ideas, a result of managing
director, Shyam Jumani's frequent trips to Italy.

Jumani started out as a marketing trainee with Joy Icecream, his present competitor. Twenty years later, when he was appointed franchise director, Jumani's entrepreneurial instinct awakened. He decided to set up his own icecream unit which would be a franchisee of Joy's. When Joy jacked up royalty fees, Jumani opted out. He went about converting the Joy's vendors into outlets for Jumani. Today he boasts a sophisticated plant with an hourly capacity of 1,000 litres.

Jumani admits candidly that discounts of upto 45 per cent (affordable due to lower overheads) to 5-star hotels and other bulk buyers has been integral to the sales pitch. He says, "Plans for going national are held up since we do not have the budget for television advertising."



The recent dramatic rise in rural demand saw many large marketers ill-prepared and unable to extend their reach to interior areas. This is where the smaller, nimble-footed manufacturer was quick to catch on. In Andhra Pradesh, a state known for its scorching summers, Padmini Fans has picked up a 2.3 per cent market share. Small change yet, but what is significant is Padmini's strategy in grabbing it.

A marketing strategy that concentrated on the rural middle class buyer was the thrust of Padmini's launch in 1986. "We focussed our attention on the rural dealers, who despite all their efforts had remained relatively ignored by the larger fan companies. By boosting their morale and offering them the authorised dealer status, we were able to secure their support," says marketing manager S.P. Prasad.

Sophisticated products which require a heavy dose of investment in technology are unlikely to have cheaper clones. There are opportunities aplenty for backyard manufacturers in certain categories like detergents, for instance. Marketing legend Nirma started out as a regional brand confined to Gujarat. Today there are a host of small-time brands. For instance, Budget, launched by the makers of Pan Parag has a faithful following in the north. Similarly cassette king Gulshan Kumar of T-Series fame makes a detergent of the same name and he's managed to scoop up sales in Delhi. In Gujarat, Vimal refers not only to textiles but a popular washing powder.

However, success is not guaranteed. Witness Hindustan Lever's recent takeovers of various sick soap and detergent manufacturing plants across the country. The Rajpura-based Stepan Chemicals is now a HLL subsidiary; the others include Union Home Products in Mangalore, Sunrise Soaps in Rajkot and Shivalik Cellulose in Gajraula.

Soon or later, it seems, regional brands begin to nibble into established market shares. Brand leaders perforce have to devise ways to stave off their threat. Sumeet mixers had to take quite a drubbing when almost a hundred odd brands surfaced in the wake of the boom in the mid-eighties. Sumeet, itself a regional brand till seven years ago, found that imitations of its conventional mixer — like Gopi, Jyoti, Maharaja, Shalimar, Pearl, Vishal, Johnson and Minu — were making a killing on its own territory.

"The market for appliances has indeed become a *bartanwala* business. Unscrupulous competition which copied our models and confronted us with lower pricing through excise evasion tactics, has affected our sales in the past few years," admits Ajay Mathur, chairman and managing director of the Bombay-based Sumeet Machines Pvt Ltd. "We have been forced to shift our efforts to other products like food processors and

electronic washing machines. Again, purely as a survival strategy, we have decided to increase our dealer network by a 100 per cent."

A similar predicament confronts Bajaj Electricals Ltd. "We are market leaders only in irons," reveals G.K. Aithal, senior marketing manager for consumer durables. "As for our 50 other appliances, we are competing mainly with regional brands." Bajaj is doing so through product innovation and by providing add-ons. The new Bajaj mixer, therefore, has unique cutting blades and a bigger jar capacity, according to Aithal. "Four years ago we de-



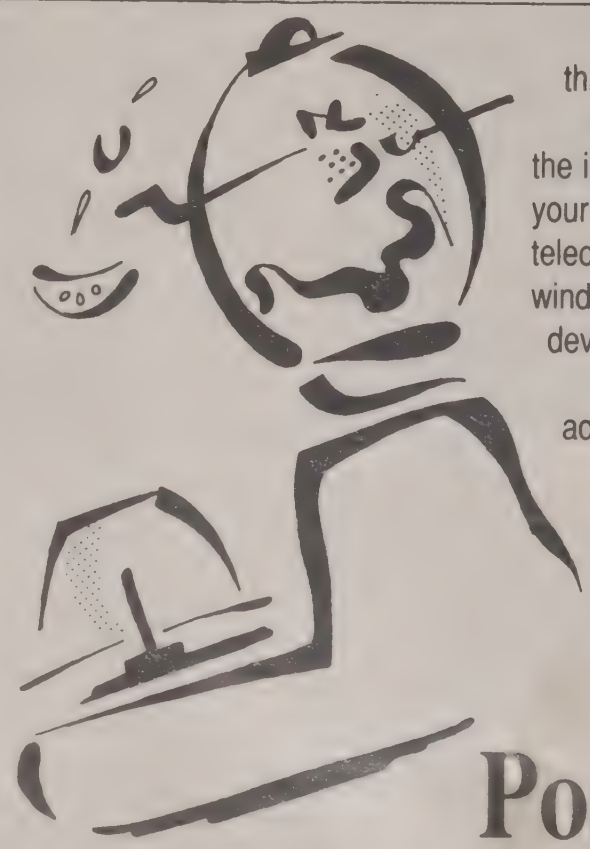
cided to back our lightweight irons with maximum inputs and our sales have jumped from 3,000 then to over 15,000 per month now," he adds.

Not surprisingly, several larger companies have gone a step further by tailoring products for regional markets. VST Industries Ltd, for instance, has discovered that some of its cigarettes sell only in specific segments. Its plain cigarette Shahi-Deccan priced at Rs.3.10 a pack, compared to Rs.2.50 for its own popular Charminar, is being marketed exclusively around Visakhapatnam. Similarly, Royal Gold Medal, special Virginia micro-cigarettes, sells only in Madurai. "We noticed a gap in that region and decided to exploit it. brands if introduced in othe might not have done so well," keting manager D.P. Dhar.

The high failure rate of new have forced the larger compar more prudent. Testing out a n uct in a limited market is now t Marketers have good reason t slowly. Statistics from the Op Research Group show that 1984 and 1989, there have been births than bonny babies in a product categories: Thirteen o new detergent soaps got a lath the market. The sweet smell o eluded half the premium launched. Twenty out of 28 new of refined oils slipped up.

Such statistics do not deter the crop of regional rulers. Thou have lower stakes, they have hopes. Shrewd, small-time m turers know the golden rule of vival game: stick to your own tu

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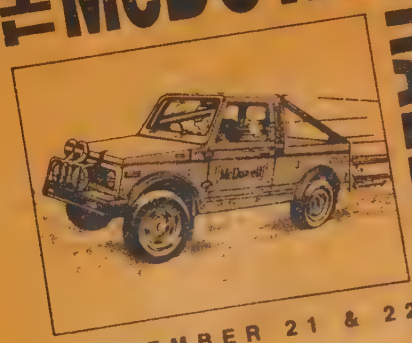


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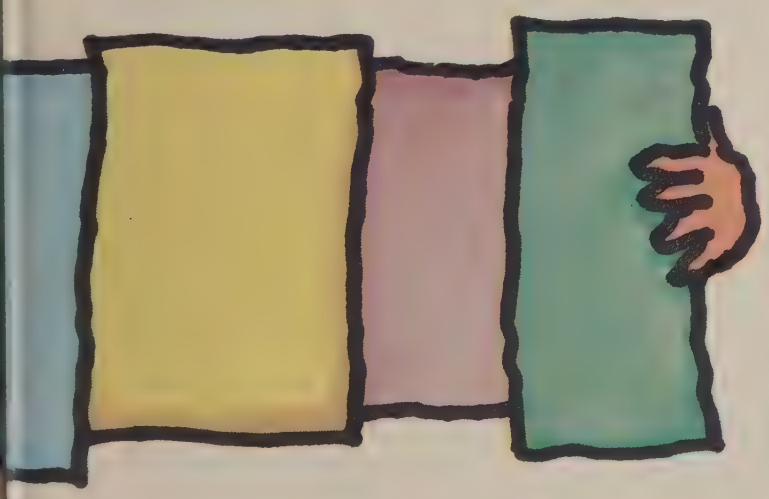
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TAKEOFFS & TOUCHDOWNS

The battle for the blue skies

By Paul Turk
in Arlington, USA



IN THE FILM *The Dream is Alive*, the space shuttle sails across Europe, crosses the Mediterranean, then the Nile delta of Egypt as the camera pans the Earth passing below. There are no manmade lines, only sharp geographic features like the familiar "boot" of Italy. The shuttle proceeds, governed only by orbital mechanics.

The view from an airliner window is not so vast, but the principle is the same. There are physical obstacles—weather, mountains, deserts, oceans—but none erected by man. The only remaining obstacles are political, and in the century to come those invisible political barriers are expected to become even less a factor than they are now.

Globalization means airlines will buy some or all of one another or will get into joint marketing and other pooling agreements in search of better market shares, and this will be done across borders and oceans.

The logic behind establishing global airline networks through cooperative marketing agreements or cross-border ownership interest is simple. It is far easier to approach a foreign market through friends and associates in that region than to set up a duplicate operation to compete with companies already firmly entrenched there.

Continued on next page

Battle for the blue skies

Continued from previous page

Going into a new territory unaided means an uphill battle to win airport access or, possibly, changes in bilateral treaties, not to mention the tremendous costs of establishing new offices, support staff and facilities. The partner carrier gains rights from the agreement as well, but cooperation tends to lend market mass to the combination.

In recent negotiations between the US and the UK, British negotiators appear to have won long-term benefits for their nation, such as the right to make substantial investments in troubled US carriers, in return for granting American Airlines and United Airlines access to Heathrow.

There are other nonbinding ways to gain access to traffic. For example, there are joint marketing agreements where carriers without investments in one another agree to promote each other's services and to book passengers on one another's routes where they do not compete.

In one notable case of combination and cooperation, Swissair, Singapore Airlines and Delta Airlines of the US have purchased small stakes in one another. The idea is to provide seamless borderless service around the world.

In another combination, the Netherlands' KLM took almost a half-interest, which includes voting stock and equity, in Northwest Airlines of the US. Northwest, in turn, has a substantial minority interest in Hawaiian Airlines, which provides inter-island service as well as long-haul services reaching out to the West Coast of the US and to Japan. Japan Air Lines, through a hotel subsidiary, also owns a 20 percent interest in Hawaiian Airlines. The airline companies involved have not made full use of the synergies available, but the framework is there. It is a complex web of relationships which the companies involved will probably not want to make more visible or controversial to avoid the interest of federal agencies trying to determine ownership.

SAS, the flag carrier of Denmark, Norway and Sweden, took a 10 percent stake in struggling Continental Airlines of the US in 1989. The Spanish carrier Iberia has taken control of Aerolineas Argentinas (although the deal was structured for a minority holding when it was negotiated) and now holds a substantial interest in LADECO of Chile. What the conquistadors and the Catholic missionaries could not accomplish by force and persuasion in the New World in 16th century is coming to pass thro airline economics.

Lufthansa has not made outward vestments, but has entered joint m keting and planning arrangements Air France and others. It also has moted itself heavily as a "big broth consultant and maintenance and tr ing source for the airlines of Cen Europe as they emerge from So influence.

There is a desire in the rest of world to gain access to the North Am ican domestic traffic base. Indivi European airlines, which have relat ly small domestic population bas strong competition from rail and ot surface transportation and limi foreign traffic rights, view access North America as essential to grow and prosperity.

There is also a surge of activity Europe in which carriers seek to pl themselves in a position to take adv tage of the unitary market due to ta effect at the end of 1992. Airline s will be a major factor in competit in Europe, as it has been in the US a Canada in the era of deregulation.

What the investor can expect from this is continued general weakness the market and for the time being, in t aircraft market as well. What t passenger can expect in North Amer is the disappearance of one or two mo major carriers through liquidation merger, higher fares and diminishi levels of service, although the system a whole should remain efficient.

In Europe, the same trends shou appear over time as the unitary mark settles into place and as the air transpo system rationalizes itself. Perceived n tional interest and chauvinism w perpetuate "flag" airlines for sm countries (Austria, Switzerland, Po tugal, Belgium) but these airlines will b overshadowed by the relative giant never mind whether they are in priva hands or held by the government. Th concept of global connections betwee airlines will remain strong, and intern tional travel should actually get easi over time.

As we go into the new centur another 4,000 airliners will be added the 10,000 in service now. They will b larger, and the completion of th 1,000-passenger aircraft is a matter "when" rather than a question "whether."♦

Paul Turk is director of publications for AVMARK, Inc., an aviation and airline economics consulting firm.

Movers and shakers at 30,000 feet

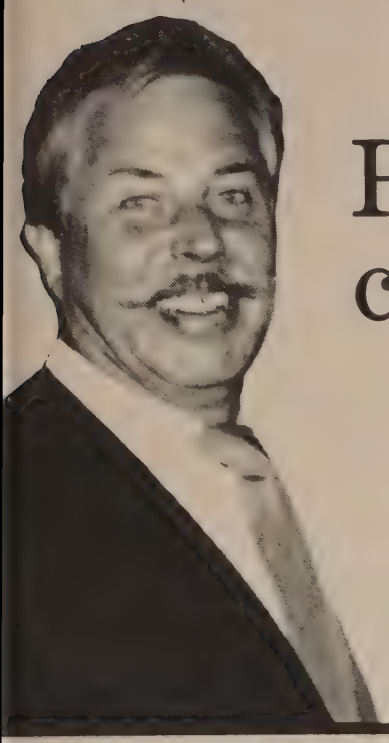
Top 10 airlines, ranked by passengers carried on international flights, 1990

Airline	Passengers (in millions)
British Airways	20
Lufthansa	13
Air France	12
Pan Am	10
JAL	8
American	8
SAS	8
Cathay Pacific	7
Alitalia	7
Singapore	7

Top 10 airlines ranked by passengers carried on international and domestic flights, 1990

Airline	Passengers (in millions)
Aeroflot	137
American	73
Delta	66
USAir	60
United	58
Continental	35
All-Nippon	33
British Airways	25
TWA	24
JAL	23

SOURCE: INTERNATIONAL AIR TRANSPORT ASSOCIATION



Pilot says humans can't be replaced

To get a view of modern aviation from inside the cockpit, WorldPaper *staffer Tricia Curry spoke with Lufthansa pilot Artur Schreiber on a stopover in Boston.*

much of the flying today is puterized?
o the takeoff ourselves and then we e on autopilot until landing. Landing ually done by hand, to keep in prac- But in very bad weather conditions, pilot provides a smoother landing. ight, you never fly by hand, we ys use autopilot because it is more fortable for the passengers.

ou still feel in control when the e is on autopilot?
you are in full control. You can over- r the autopilot or disconnect it at any . Even while making an automatic ing, a pilot can always take over.

there innovations that you look ard to?
ewer aircraft normal flight is suppos- o be easier, but if something goes ng and there is a technical problem, much more difficult than it was in the r aircraft. In a DC-8, for example, if lost the hydraulic system, there was change. But it can even be difficult e DC-10, for example in the accident had in Sioux City where they lost the hydraulic and the aircraft was no longer flyable. Newer planes, more high-tech, are even worse; the difference between normal and abnormal conditions is getting larger.

Would you prefer to return to more simplistic technology?
Well, you can't go back. Development goes on. Like cars, every generation has a better system, new gadgets. The same is true with avionics. Even if I don't think I need it, it is there and I have to be able to handle it. As far as other new developments, there are always new manual innovations, a side stick or a computer that oversees the flight process, but for things like decision making, humans can't be replaced.

Do you think as airlines become more globalized and alliances are cemented, cultural differences or language will affect safety?
Western pilots must speak English. But airlines in the East don't have the same standard. On Chinese airlines, for example, language can be problematic on international flights. They either carry an interpreter or rely on an English-speaking crew member. I imagine that this is improving.

I used to fly over Russia, and they have improved quite a bit over the past five to 10 years. At first, we had a Russian interpreter and the air traffic controller used an interpreter and only the interpreters could communicate in English, and when they didn't understand one another they would revert to their native language, which could be disastrous. But now if you fly to Moscow, it's much better.

On a global scale, how do you rate cooperation between air traffic control systems.
In Canada and the US, it's ideal, you can fly direct routes and change controllers very infrequently, but that is not true in Europe where each country insists on keeping control of its airspace. In flight, every couple of minutes there is a changeover to a new controller. It is even bad for approaches, airports are very close together, and the air is very crowded. Hopefully in 1992 it will get better, flying and air traffic control will be regulated by Eurocontrol—unifying 22 independent systems.

Passengers are quick to complain about food. Do you ever bring your own lunch or dinner?
No, they change the food every month or so. So far, the food has been very good and I haven't had to bring my own. For a few years I flew with a cargo company owned by Lufthansa—I was interested in flying around the world. On these flights we wouldn't have cabin crews, but we did have a kitchen onboard where we cooked our own steaks or whatever else we wanted. When I began working on passenger flights again, in 1987, my weight rose about two kilos, which I guess is testimony that the food is quite good.♦

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Latin America's air war

Competition heats up among new and old carriers

By Carlos Castilho
in Rio de Janeiro, Brazil

WHILE MOST Latin American airlines are facing an uphill struggle in order to survive the recession and indebtedness, a former Brazilian truck driver is convinced that he has an answer.

Wagner Canhedo, 54 years old, was an unknown businessman until September last year, when he bought Viaçao Aerea São Paolo (VASP), the second largest Brazilian airline, once controlled by the government of the São Paulo state. Since then, Canhedo has become known as a sort of maverick in the local airline industry.

The new owner of VASP has decided to ignore old rules, all gentlemen agreements and regulations for the sake of competitiveness.

"The market will have the final w
is Canhedo's favorite slogan. He beli
that competition is the only choic
recently privatized airlines in L
America. If he fails, he will simply c
VASP and return to his profitable t
company.

The market has become a magic w
for most of the carriers on the co
nent, but companies like Chile's L
Chile and Argentina's Aerolineas Ar
tinas have experienced bumpy take
since they decided to look for "o
skies" through privatization.

Both have yet to reach a safe cruis
altitude and speed to avoid danger
turbulence. Others, like Urugua
Pluna and Venezuela's VIASA, are
taxiing on the runways of privatizati
VASP chose a risky route when the co
pany decided to lease 48 new aircra
a US$2.8 billion deal to try to win a pl
among the biggest Latin Ameri
carriers.

Domestic flights have been deeply
fected by the recession in most La
American countries. So, almost all a
lines are dramatically seeking to w
passengers to highly profitable desti
tions like Miami, now the mecca of So
American tourists and businessmen

Approximately 5,000 South Americ
tourists arrive weekly at internatio
airports in southern Florida.

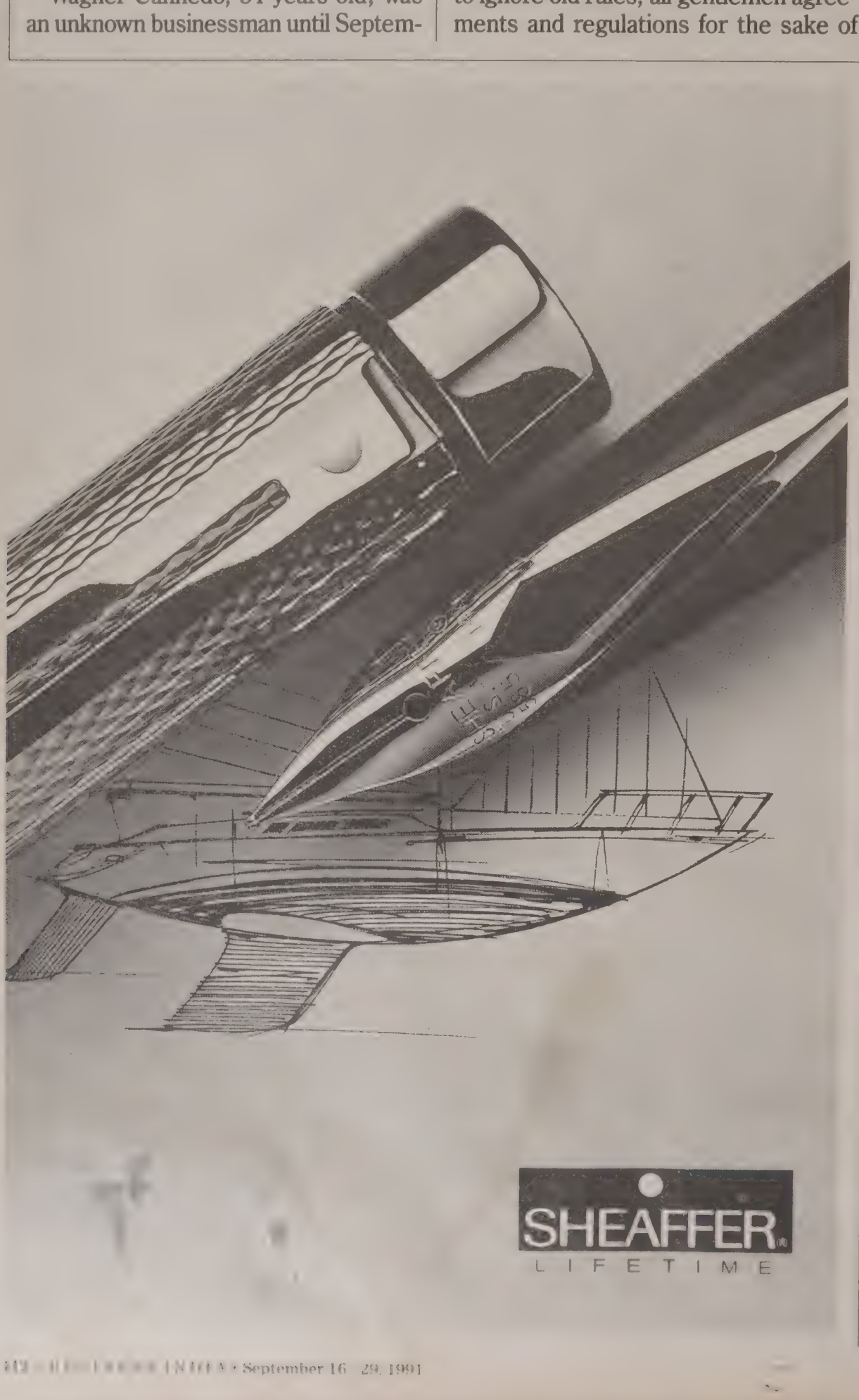
For Brazilian tourists, Florida is a ba
gain. One week in Orlando and Miam
cheaper than a seven-day tour of t
Amazon area where hotel rates and a
fares are very expensive.

The stream of South America
headed to Miami includes the so-call
"ant-smugglers." They buy Americ
goods in Miami and sell them back hom
for a huge profit.

VARIG, American Airlines and P
Am dominate the lucrative route
Miami, but there is savage competiti
among small airlines for new segmen
of the market.

Executives from VARIG, the bigge
Latin American airline, recognize th
only the fittest will survive in the war f
passengers being fought on the cont
nent. Industry experts forecast that th
fittest could be American Airlines an
VARIG, but also bet on those Latin com
panies on the verge of privatization.

Carlos Castilho is a freelance journalist based
Rio de Janeiro and the South American correspo
dent for the Portugese newspaper *Publico*.



The Soviet system that doesn't fly

No plane, no gain

By Leonid Mlechin
in Moscow, USSR

A MAJOR WORLD airline is short of modern aircraft, fuel and the money to adequately pay its employees.

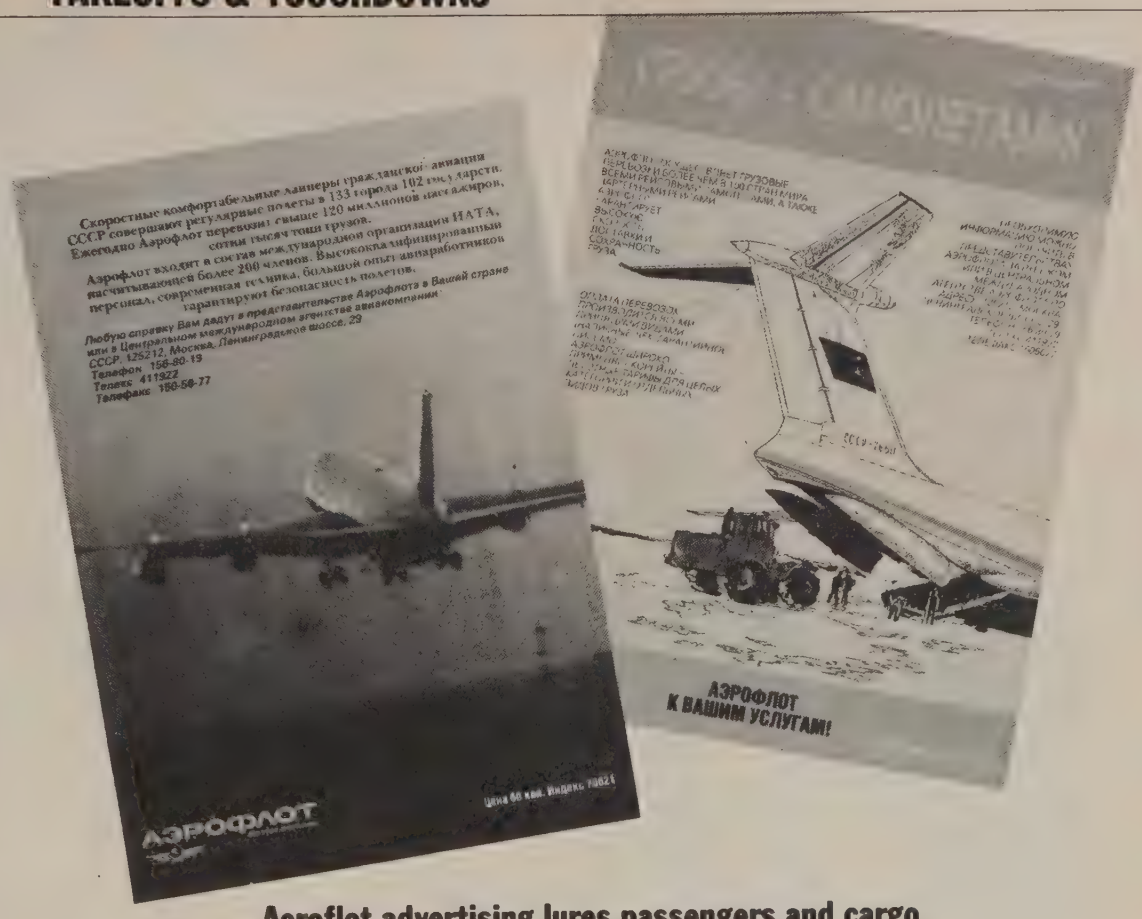
Nevertheless, Aeroflot has been relied upon as the main, and relatively safe, means of transportation over the vast expanse of the Soviet Union. Aeroflot's ineffectiveness is not solely the result of the airline's own blunders. Soviet civil aviation has always been short of aircraft and fuel. Aeroflot, not the local authorities, is supposed to build and maintain airports, but there is an acute shortage of construction material and civil airports have never been considered top priority.

There is also a growing shortage of able pilots. Averaging 531 rubles a month, (the official rate of exchange is about 28 rubles to the US dollar) life is not comfortable, especially after April's dramatic price hikes.

Pilots admit that frequently they have to break safety regulations and fly in bad weather in aircraft that have not been properly inspected by ground personnel. Air traffic controllers complain that the lack of attention to their needs undermines safety. As a result, the lives of passengers, and pilots, are endangered daily.

People in countries with free market economies may find it hard to understand why Aeroflot is in its present predicament. An increase in passengers has occurred though airfares for domestic flights have risen by as much as 150 percent; prices for international flights have almost tripled.

But instead of rejoicing at greater demand for airline tickets, the leaders of the Soviet monopolist airline cannot conceal their grief. Absence of a free market makes it impossible to mobilize resources, to modernize and expand the



Aeroflot advertising lures passengers and cargo (at least the cargo can't complain).

fleet and to upgrade aircraft ground maintenance and in-flight service. The number of people who want to fly greatly exceeds the number of available seats. Yet Aeroflot is unable to operate at a profit.

Increased air traffic has not led to fleet expansion or modernization, as would be the case in any other country, but instead has led to rapid aging of existing aircraft. Until very recently, Aeroflot was ahead of most other airlines in flight safety, but the situation deteriorated last year. Poor training, mistakes and violations of regulations have caused more than half of Aeroflot crashes, but there also have been cases when, due to shortages, worn engines have been used past the point where they should have been overhauled. Sometimes working engines are shifted from plane to plane.

Another deterrent to Aeroflot's commercial success is that it is state-run and cannot be concerned solely with commercial problems. One can get to the Soviet Far North and Far East only by air; people living on the Island of Sakhalin, for example, depend on Aeroflot.

During the past five years, Aeroflot has added 121 new routes, primarily to the Far North, the Far East and the Tyumen Region in Siberia, where much of Soviet oil is extracted. Considerable fuel, in short supply, is used to serve these routes, and as a result Aeroflot was forced to cut back more profitable freight traffic.

Another problem daunting Aeroflot is fuel shortages. The number of landings for refueling has tripled, scheduled flights are canceled or postponed and passengers have to wait to take off for hours or even days. Since there are no airport hotels, there is nowhere to spend the night.

At present, the Soviets cannot expect radical improvements on domestic routes because Aeroflot is their only choice. Passengers are just happy to get a ticket and are willing to put up with rude employees. Failure to provide top-class, in-flight service on international flights, however, could mean serious losses.

This year will mark the start of the privatization process of civil aviation property and transferal to the republics. New airlines, concerns, corporations and associations—potential rivals—are springing up.

Reforms in civil aviation cannot outstrip reforms in the Soviet economy, which are implemented at a very slow pace. As some republics declare sovereignty, the integrity of the Soviet Union is in danger. But despite new national leaders' desires to have their own airlines, Aeroflot will not face competition from national airlines, at least for the time being. A lack of hard currency prevents, for example, the Baltics from obtaining aircraft and fuel abroad and setting up a flight-control system of their own.

Competition will come from outside. If the airline wants to expand successfully, it must compete by global standards.♦

Leonid Mlechin is deputy editor-in-chief of the Moscow weekly *New Times*.

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Singapore rebounds

Small nation, big competitor

By Ruth Youngblood
in Singapore

'ER-ENTERPRISING Singapore lines (SIA) is emerging from the Gulf r doldrums, marked by low passen- loads and high fuel costs, determin- to return to rapid growth and to stay ead of the pack.

The "Singapore Girl," whose exotic age has long graced advertisements uating the national carrier with the itome of taste and excellence, is now ly one of several logos depicting SIA's rust into diversification.

In a dizzying array of spin-offs, SIA forming links with other carriers to ef up commercial cooperation, open- new routes and planning increas- moves into catering, engineering, ight services and hotels.

"The Gulf War and the slowdown in e world economy have shown the vel industry's vulnerability to external rces," says managing director Cheong oong Kong. Tourism in the island public took a beating during the nflict.

The number of visitors from major arkets such as Europe and the US opped off by half, but the biggest dis- pointment has been the lack of a re- und from Japan, Singapore's number e source of travelers, who are the big- st spenders.

SIA is forging ahead with new alli- ces, including a linkup with Swissair d Delta Airlines to increase com- mercial cooperation.

Cheong says the trio is considering joint fuel purchases to save money and hedge against the possibility of a further rise in fuel prices. The airlines already share airport lounges, offer combined special fares, undertake joint promotions and encourage passengers to take advantage of the separate networks each carrier has for international travel.

SIA and Swissair are also cooperating on cargo computer systems, which provide agents with instant access to information on shipments. The benefits, they claim, are improved productivity, cost savings and enhanced customer service. Earlier, SIA concluded a similar pact with British Airways (BA). Denis Connolly, BA's senior cargo manager, said the arrangement does not rule out competition.

"There is no reason why the airlines cannot continue to compete with each other for a share of the cargo market, while working together to ensure that the cost of providing high standards of service is controlled and the benefits shared," Connolly said.

SIA also plans to construct a second hangar by the end of 1992 as part of an aggressive plan to sell aircraft repair and maintenance to more foreign carriers.

Earlier this year, one of SIA's subsidiaries won the right to supply in-flight meals in Japan, a lucrative business that up to now has been the domain of Japanese firms.

In a recent breakthrough, US and Singapore aviation officials reached an agreement allowing SIA to fly across the Atlantic to four destinations in the US, including New York. The pact enables SIA to offer around-the-world service for the first time. In return, American cargo carriers have been given the right to use Singapore as a base.

At left: Singapore Airlines' pride in the nest between flights.

With no experience yet in the hotel business, SIA deputy chairman Lim Chin Beng said SIA plans to enter into a joint venture in which it will take no more than a 20 percent equity. Even that will involve tens of millions of dollars as SIA intends to stake a claim in more than one hotel.

Diversification "is profitable and supports the core business," says Lim. "It also protects your flanks."

While the war walloped US airlines, which had been struggling to remain airborne even before the conflict, debt-free SIA still remains one of the most financially sound in the world.

SIA traces its beginnings back to 1947 with the formation of Malayan Airways. It was renamed Malaysian Airways in 1963, and became Malaysia-Singapore Airlines in 1966 following the separation of Singapore from Malaysia. Five years later, the Malaysian and Singapore governments decided to split the airline into two carriers, reflecting the differences between the countries in deciding the policies and direction of the company.

Year after year, SIA's profits set new records until the full impact of the Gulf crisis hit. Following the grim saga, SIA announced an after-tax profit of $518 million for the year ending March 31, 1991, a 24 percent drop from the previous year's high.

While wary of a weak world economy, managing director Cheong anticipates capacity will grow at 8 to 10 percent a year over the next five years with more services mounted to 14 cities in 11 countries.

The International Civil Aviation Organization predicts passenger traffic in the Asia-Pacific region will grow by an average of 11 percent and air freight traffic by 13 percent until 1995.

When viewed against these projections, Cheong sees the Gulf War reduced to a minor glitch to overcome. "We have the good fortune of being located in a part of the world that will witness the highest growth rates in air travel," Cheong says. "The potential is here. Whether we reach it lies not in our stars but in ourselves."♦

th Youngblood is the Singapore bureau chief United Press International.

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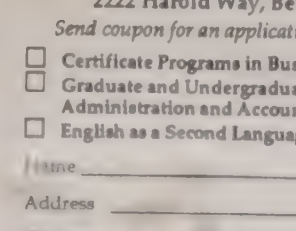
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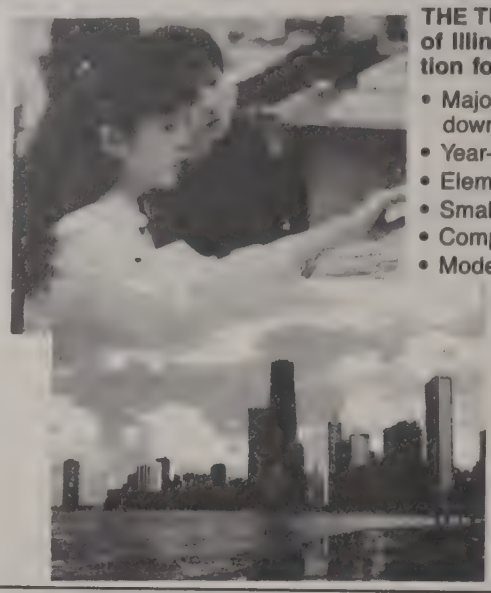
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ALDAS EXPORTS

titches in time

prime exporter is concentrating on innovation and diversification y ahead, even as people hooked on readymades find it difficult ake off the habit, assuring garment exporters of zooming balances

ndy, casual and easy on the purse, adymade garments are sure win- with teeny-boppers and yuppies obody knows this better than ex- rs. Figuring prominently among ash-happy lot is Bangalore-based ldas Exports.

er the years, the company uccessfully established a g domestic presence. It so captured a large chunk e export market. Last it exported garments n Rs.43.39 crore — s, trousers, shorts, shirts, casual wear, and sports- — to Europe, Australia, Middle East, Singapore, da and the US.

s annual sale include 1 on shirts to Levi Strauss 250,000 shirts to Wran- Among its other regular s are leading departmen- ores like Sears and J.C. y in the US, Kauf-Hof in any and Galeries ette in France. The Ap- Export Promotion Coun- s recognised GE's efforts ffering it the Council's ds since 1981, the latest the second place award global exports category.

is one of the three com- s promoted by Jha- las, Jagdish and ishendas Hinduja, three ers who earlier dabbled in copper and foodgrains e becoming silk traders. split in 1979, cordially, ding to family sources, as joint business family, there are d to be tensions, especially when are lots of youngsters waiting to to business. We thought it was bet- separate while the relations between us were still warm." It was then that Jhamandas and his three sons (Madanlal, Rajen and Dinesh) started Gokaldas Exports.

The combined Gokaldas group (before the split) was selling silk worth around Rs.40 lakh every month. But profitability was under pressure. Says Madanlal Hinduja, "We realised others were making money out of yarn supplied by us. So we decided to write to buyers abroad," and exports of silk scarves started. But in 1970, international demand for silk scarves suddenly dwindled and the combined group started looking around for some other market.



Jhamandas and sons: excellent rapport

Madanlal went to Europe armed with a few samples of cotton shirts and came back with an order of 10,000 cotton shirts. The successful delivery of this order fetched another order for 100,000 cotton shirts. So was made the combined group's debut in exports of garments! Since then, there has been no looking back and over the years, the group has set up its own manufacturing units and expanded the capacity.

By 1979, when the group split, it had 13 factories of which six went to Jhamandas Hinduja and his GE. Later, GE added 19 more units. Says Dinesh Hinduja, "When we split, we were making nearly 60,000 shirts a month. Now we produce 500,000 a month. Also, we started with 2,500 workers and now we have a strength of nearly 9,000."

The Hindujas have a varied marketing strategy. Madanlal goes abroad once a month to tap overseas deals. Sometimes, customers directly contact the Hindujas. GE also has seven agents who stock the company's samples and show them to prospective clients. Those who are interested are taken to the Bangalore office.

The agents get a 7 per cent commission from GE on all deals. Says Madanlal, "Since the beginning, our agents have been loyal to us." One of them, Anil Paul, managing director, Banaras House, says, "The Hindujas are easy people to deal with. They have a very good international profile. The most strategic decision they made was to move their base from Bombay to Bangalore where not only is labour cheaper and less unionised, but there is still ample space available at cheap rates too."

The Hindujas not only had excellent foresight, they have also clearly divided the responsibilities among themselves. Jhamandas looks after finance and guides his three sons. Madanlal handles exports, design development and raw materials. Rajen is in charge of finance, knitwear, customs, export quota, public relations and advertising. And youngest son Dinesh looks after production and marketing. Says D.K. Gupta, director, AEPC, "The main reason for the success of Gokaldas Exports is teamwork and excellent rapport among the father and three sons."

in Bangalore also helps as it is close to fabrics sourcing centres (such as Salem, Coimbatore, Cannanore, Madras, Tirupur). The company's past performances have also helped the company to get a better quota for exports."

According to Ravi Kishore, additional director, AEPC, Bangalore, "It (GE) does not stick to any particular customer or country. Its customers are spread over various countries. It has been concentrating on daily wear and the middle market (not the upper end of the market) which offer maximum returns." Even

now gone up to Rs.1.5 lakh a day. mandas feels that domestic market always be there even if GE cannot, by chance, cater to the international ket. It doesn't want to neglect the market and hence the company sp nearly Rs.80 lakh a year on publici Wearhouse.

According to Jhamandas, "W house has a good future. It may e some time, beat our export activities cause in the future, it may not be nomic to make garments in India sell them abroad." Yet, despite its po larity in the south, Wearhouse garm have not yet attained tional status mainly beca it does not have any sh rooms in Delhi, Bom and Calcutta.

The Hindujas are look at the future with optimi especially after the deval tion of rupee. Says Raj "Our turnover dur 1991-92 should be up by per cent." GE is all set to into industrial and medi wear. Says Jhamand "There is not much o headache here because s uniforms have standardi designs." The company also been toying with idea of diversifying i spinning mills, with an on exports.



A Gokaldas unit: new idea on fabrics

There are a number of other reasons for GE's success, an important one being the total involvement of the brothers in the business. Madanlal, for instance, is a regular at many international fabric fairs where he picks up new ideas on fabrics, which help the company develop new ranges for the international market. GE has its own designers, some of whom have studied at design institutes abroad. The company also has a few foreign technicians who help GE workers control quality. "Keeping in mind international trends, GE believes in bringing out garments with new look and texture," says Madanlal.

Says a spokesman of a rival company, "Gokaldas Exports dominate in men's wear which are high-value items. They have good machinery and being located

competitors acknowledge GE's attributes. "They are very strong in quality control and adhering to delivery schedules," says M.K. Panthaki, general manager (administration) at Miltons Ltd. He adds, "They also had some early openings in some general currency areas."

According to Rajen Hinduja, "The key to our success in overseas market is reliability." Not that the domestic market is being neglected. GE now has 28 "Wearhouse" showrooms including seven in Bangalore; three more are to be opened soon at Coimbatore, Mysore and Belgaum. There are also plans to open outlets in Calcutta, Delhi and Lucknow.

In 1983, the Wearhouse chain of six showrooms was doing a business of less than Rs.10,000 a day. The turnover has

According to garment dustry sources, GE's fa has spread far beyond Indian shores a the company has, in the past, turn down collaboration offers from ma international players including M subishi, Levi Strauss and Takashiya large departmental store in Japa However, according to the Hindu brothers they are taking a re-look at t Levi Strauss offer. If the deal ma rialises, GE will set up a new unit to ma ufacture products exclusively for L Strauss.

Since people hooked to readyma find it difficult to shake off the hab garment exporters can rest assured th their bank balances will only fit into t extra large category. Gokaldas Expo just has to concentrate on innovati and diversification to stay one up.

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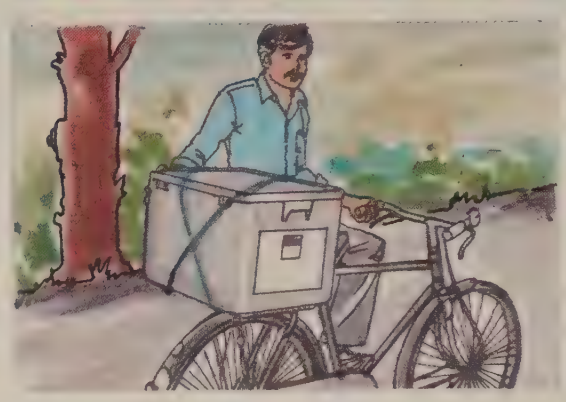
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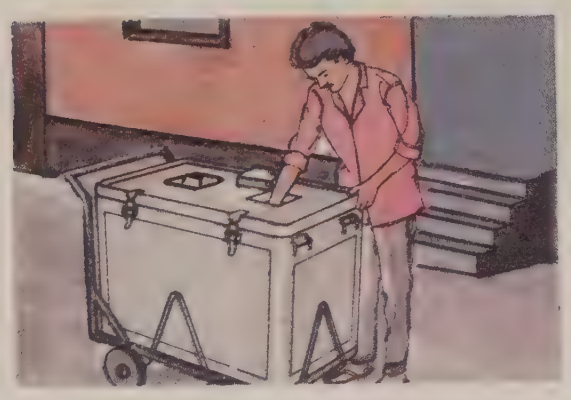
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Salomon will play no part in the tion of Britain's most profitable public-sector company, the government has yet to decide who will.

Stock scam

Scandals and bankruptcies are sweeping through Japan's financial system. The latest charge against Nomura Securities is that it manipulated the price of Tokyu Corp, a railroad company. A four-day trading halt was announced when the scam — which besides Nomura, involved other big brokerage houses like Nikko Securities — was revealed. Moreover, Nomura and 20 other firms have agreed to pay nearly $1.3 billion in compensation to over 600 clients.

Selling spree

As part of its privatisation programme, the Mexican government has sold 70.7 per cent of the equity of Banco Nacional de Mexico, the country's biggest bank, for $3.2 billion. A group of 800 investors acquired 50.7 per cent of the bank, while the rest will be offered to the regional board members of BANAMEX.

Terminal plans

By next summer, a fifth terminal will come up at London's Heathrow airport. To be built by the BAA (formerly called the British Airports Authority) it will cost over a billion pounds and will eventually have a capacity of 30 million passengers a year. However, the terminal's construction hinges on the Civil Aviation Authority withdrawing its proposal to limit charge increases at London's three airports.

Second thoughts

The merger mania amongst American banks notwithstanding, Commerze Bank AG, Germany's third largest bank, and Credit Lyonnaise SA of France, have given up the idea of "close co-operation". The banks are of the view that taking cross holdings in each other will bring no benefits. Besides, they feel that they are each big enough to handle business on their own.

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STOCKMARKET REVIEW

Volumes zoom

(For the fortnight ended 7 September 1991)

	7 Sept.	24 Aug.	percent change over fortnight	year
BSE Sensitive Index	1811.54	1802.81	+0.5	+44.3
BSE National Index	858.56	859.90	–0.2	+32.5
Vol (Rs.cr) fortnt. ended	277.35	208.50	+33.0	+185.6

The sharp jump in year to year volume figures indicated in the table above tell a tale. The market continued its 1990 boom into September of that year with a healthy 14 per cent rise in the index. Almost every broker at that time felt that despite bad economic news (Gulf war and domestic disruptions, mostly), the bull market of 1990 was far from over. In retrospect, they were wrong.

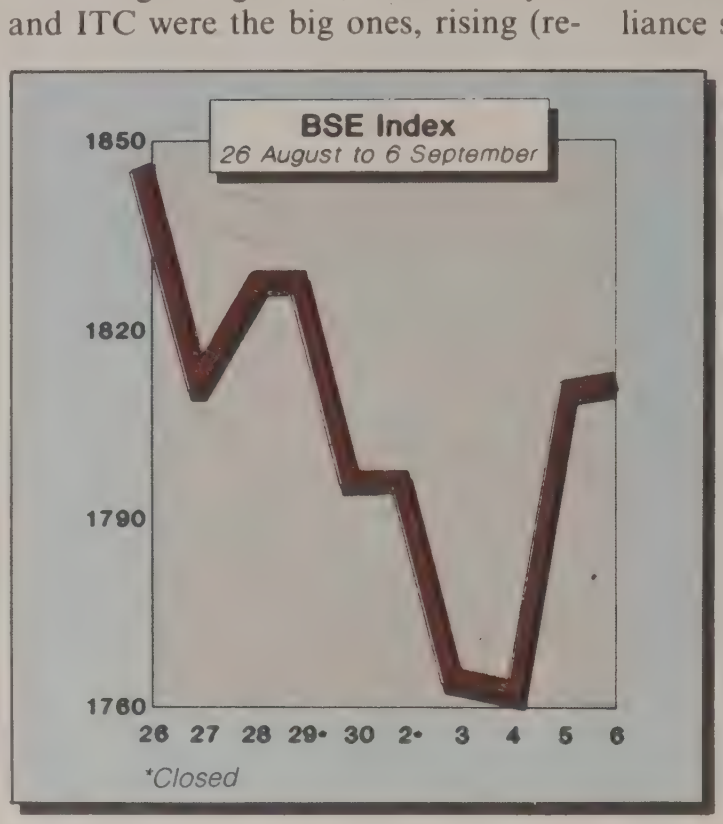
A look at the volume figures for September when the market was still in boom could have told the real story: that the bigger and well-informed speculators who sustain bull markets, and are behind high volumes in a rising market were pulling out through September — while the market kept rising on small investor and large institutional purchases. Once institutions stopped buying in October and the market started to fall, volume again rose as intelligent speculators turned from buyers into short-sellers. The current trend of rising volumes in a booming market, therefore, tells a natural story of how a bullish trend continues even among the smart money operators.

Buy and sell irony

In one sense, the irony is complete with the bigger speculators buying while financial institutions are busy selling these days. UTI is a particularly active seller, partly to finance redemptions of US 64 units which have, according to the Trust, crossed Rs.1,200 crore since the budget.

However, the market dipped during mid-fortnight (*see graph*) on fears that the budget might not pass thanks to political flak on the military pension issue. It recovered thereafter when the uncertainty was lifted. More uncertainty was provided by the publication of the L.C. Gupta report on stock exchange reform. This report recommended that forward trading be banned — a peculiar suggestion given in the absence of clear evidence of the ills of forward trading.

Among the gainers, Indian Rayon and ITC were the big ones, rising (respectively) to Rs.231 (+9.7 per cent) and Rs.299 (+18.2 per cent). Reliance Industries was a loser, down to Rs.175 from Rs.194. Although the CCI cleared Reliance's Rs.987-crore rights issue on 27 August, the BSE stymied plans for an early book closure because the procedural deadlines of minimum notice were not kept.



The book closure will involve an *undha badla* as the scrip will then be ex-rights and ex-dividend. At a price of Rs.175 and a 1 for 5 rights issue at Rs.55 per share (the balance is the non-convertible portion), the cost of 6 shares (including a rights share) is Rs.930 or Rs.155 per share. This implies a price difference of Rs.20 per share. Adding the Rs.3 dividend that forward buyers will receive brings the theoretical *undha badla* to Rs.23 per share and the ex-book closure price to Rs.152.

Speculators are instead be ex-book closure price of Rs. *undha badla* of only Rs.7. Thi liar phenomenon of bullis when market prices do not adj rights and bonuses.

While speculators are una that the price change is matc *undha badla*, there is a potent investors who take delivery. T tions above mean that one wh liance shares, takes delivery them to the company fer before book clos to gain Rs.16 per s buys at the curren Rs.175. Not surpris scrip has been boug for delivery and its tr ume averaged Rs.40 day over the fortni that of the next large

New cards

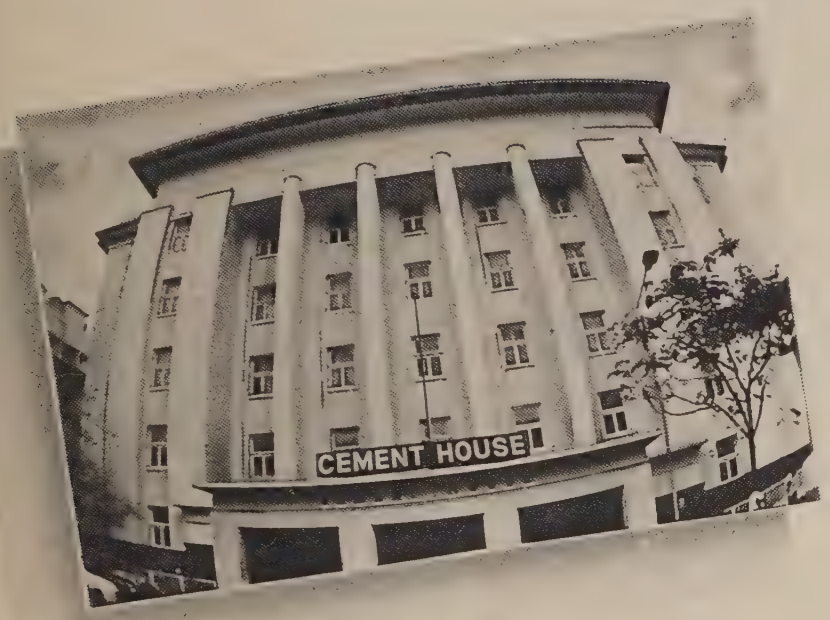
Meanwhile, the BSE signed to increasing bership under go pressure. M.R.Mayy tive director of the firmed that the BS shortly issue new me cards, probably befo of 1991. Institutional ships will finally be included.

Although at the close of the there was an undertone of fi the market on reports of a g soon and good corporate perf what was worrying was the a state of the government's whim were, on the one hand, pressur membership and directives to i rational margins. On the othe of committees issued reports, which appeared equally irrati lacked any coordination with t ties and Exchange Board.

The government, earlier co to rule by fiat, now seems to force the pace of liberalisatio considering the implications o tates. As the old saying goes everything seems to be goi watch out for the government"

■ RA

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US 92?

The Unit Trust of India's premier scheme, Unit Scheme 64, has been under pressure since early 1990; high call money rates have led to large-scale sales of these units back to the trust. The latest budget proposals have led to further repurchases. This is because the budget proposes that short-term capital losses - such as from selling US 64 units at a loss while pocketing an equivalent amount of tax-free dividend (thanks to Section 80M) — can no longer be offset against ordinary income.



Deepak Tolani

Dave: expects more of the same to come

According to UTI sources, net sales of units (after accounting for new sales) under US 64 in the three months since June 1991 will be a negative Rs.1,000 crore. This is a far cry from the situation in the late eighties; in July 1989, for example, there was sales of Rs.1,700 crore.

Dormant secondary market. Worse still, according to UTI chairman S.A. Dave, there is more of the same to come. With interest rates being liberalised and crossing 20 per cent a year, UTI expects repurchases to touch Rs.2,000 crore by the end of the fiscal year 1991-92. An indication of the state of affairs is that the otherwise active secondary markets for US 64 units, which used to average volumes of Rs.1,000 crore a month in 1989, is now dormant. In early September, a certain broker planning to sell a relatively modest 100,000 units was unable to find a buyer.

Not surprisingly, the secondary market price of Rs.13.60 (on 10 September) was close to UTI's own repurchase price of Rs.13.50. In normal times, the secondary market price lay squarely between the sale price (currently Rs.14.40) and the repurchase price.

Almost all these sales back to UTI will come from corporate holders, who currently hold about Rs.5,000 crore of the total outstanding US 64 units of Rs.7,000 crore. Even though money market rates have fallen over the past month and call money rates are now less than US 64's yield of 14 per cent, Dave expects repurchases to continue, thanks to the aforementioned budget proposals. He notes that the Trust has the cash to pay for these repurchases. Brokers in the stockmarket confirm that UTI has been an especially large seller of shares despite a buoyant market.

If US 64 loses its corporate accounts, will this mark the end of a unique instrument that, in effect, allows any investor to be a participant in money markets? Why not retain this valuable instrument either by paying higher dividends next July and, meanwhile, by raising the repurchase (and selling price) in order to give a higher return to holders? After all, this would be in line with events in money markets and is affordable given UTI's huge profits from booming stockmarkets.

Higher dividend. Dave concurs that US 64 plans to pay substantially higher dividends to its unitholders by year's end, raising the yield above last year's 14 per cent. Other UTI sources, in fact, suggest that the corporation is thinking of raising the yields on all its schemes to a minimum of 15 per cent and for US 64 to 16 per cent. However, the Trust is not prepared to offer these higher yields to US 64 holders immediately, via high purchase prices. Their argument give corporate sellers, who are selli for reasons unconnected with in rates, the benefit of higher prices?

This sounds a bit like putting th before the horse. While corporate holders are disaffected with US 64 because of the proposed change i law, it is equally true that this has because they earlier accepted a relat low yield of 14 per cent in return fo tax offset. If the trust could offer a factory yield of about 16 per cent, co rate buyers would return.

But it appears that UTI is not reall terested in corporate unithol thanks to their short-term nature. therefore, willing to accept a redu in the assets under the scheme if thi curs as a result of corporate redempt rather than individual ones.

If the UTI scenario works to plan new look US 64 should, at this time year, have individuals constitu about a third of the total value of standing units and offer a yield of 1 cent on its asset base of Rs.5,000 c This will also be reflected in a higher in repurchase and sale prices every night. Will the Trust then move tow pricing units at net asset value (curre about 50 per cent above UTI's pr Dave refuses to confirm but notes th it works out, nothing would please better. If that happens, it would b entirely new scheme. Enough to ren it US 92, but with a caveat: corpo buyers could return.

■ RAFIQ DO

PRIVATE SECTOR MUTUAL FUNDS

Getting the framework set

The S.A. Dave panel's guidelines the functioning of private sector tual and offshore funds have evo mixed reactions. M.R. Mayya, execu director, Bombay Stock Exchange, that the guidelines balance conc about private sector mutual funds b used for takeovers with the need to a the private sector in to usher in a new of competitive progress.

However, the asset restrictions *box*) have induced criticisms that

mmendations protect existing pub-
ector mutual funds. Says K. Dhar-
al, managing director, Fairgrowth
ncial Services Ltd, "The proposed
stment limit of 3 per cent compares
vourably with the public sector mu-
fund limit of five per cent." Given
ted floating stock, he adds, "the
s should be the same."
ave disagrees. The guidelines, he
, aim to protect the investor while
enting a mushrooming of mutual
s. But, notes Dharmapal, this could
been done by linking the size of in-
ments with the size of the fund.
cording to Dave, the minimal capi-
equirements of Rs.2 crore of 'unim-
ed' capital, i.e., invested in money-
ket or government securities or in
fund's own assets, makes sense.
th it, the number of players in the
will be limited to the healthy firms,"
he.
und managers generally agree. In
merchant banker R. Shankaran
that the minimum requirement is
low, arguing that a minimum re-
ement of Rs.10 crore would thwart
ly-by-night operators.

dom from strictures. The mutual
industry currently has eight
ers, all public sector companies. UTI
inates (with 65 per cent of total
s) followed by Canbank Mutual
d (15 per cent). The entry of private
r mutual funds along with the on-
g collection by the existing funds is
cted to triple this Rs.30,000 crore
stry by 1993.
ue panel was, according to Dave,
erned with developing a structure
freed it from licensing strictures and
ided for automaticity with the self
atory structure as mooted by SEBI.
s Dave, "Any fund that satisfies the
ria would automatically be eligi-

n fliers

	Closing price 6.9.91	P/E
» Chem.	250.00	87.41
Trans	80.00	76.92
Amines	175.00	74.23
en Silk	77.50	72.75
g Steam	104.00	72.33
non India	135.00	67.81
la Rayon	910.00	66.67
y	39.00	62.40
	200.00	62.07
Goa	651.25	61.54

The guidelines

- The private sector can sponsor mutual funds through fund management companies, which should have at all times a minimum unimpaired capital of Rs.2 crore.
- At least 50 per cent of the SEBI approved board must consist of independent directors not connected with the sponsoring organisation.
- The fund management company and the trustee will be two separate entities.
- No mutual fund will own more than three per cent of the paid-up capital of any company. In addition, no individual scheme can invest more than three per cent of its fund in any one company's shares.
- Mutual funds will be allowed to operate both closed-ended (subscription for a limited period) and open-ended (ongoing) schemes, and required to raise at least Rs.20 crore and Rs.50 crore, respectively (though without upper limits) with a fund asset limit of Rs.200 crore. However, subscriptions below 60 per cent imply a full refund.
- All closed-ended schemes must be listed, while open-ended schemes must buy and sell shares at net asset value. The fund's income will be tax-exempt provided that it disburses at least 80 per cent of its realised gains under each scheme.

ble." SEBI's prior approval and on-going monitoring, notes Dave, is consistent with its role as overall market regulator. The information it requires, such as regular publication of net asset values and investment lists will not only protect the investor's interests, but will also ensure that adequate information is provided to the investor.

To reinforce the SEBI influence, the panel has also suggested that at least 50 per cent of the SEBI-approved board must consist of independent directors not connected with the sponsoring organisation. According to Dave, with this provision, the management of the fund and its trustees will be two separate legal entities on the lines of British unit trusts. Dharmapal although suggests that it should be clarified that the equity could be widely or closely held and that the 50 per cent directorship should be selected from a wider list provided by the mutual funds and not be nominated by the SEBI unilaterally.

The report encourages the concept of both closed-ended and open-ended schemes (*see box*) within a total asset limit of Rs.200 crore. This limit along with the three per cent rule, says Dave, is to prevent takeovers by private groups financed by public money. Dharmapal disagrees. "Why should there be a physical control when there are adequate regulatory controls?" he asks.

Widely dispersed. Besides, the public's holding is anyway widely dispersed and the public-sector financial institutions often have more than 50 per cent control among them. Again, as merchant-banking pioneer Sidney Pinto notes, the sooner one gets over the fear of takeovers, the better. Takeovers, says he, should not be viewed as immoral.

The Dave panel report has come at a time when the second largest mutual fund, Canbank Mutual, is under a cloud for its allegedly incorrect practices such as non-transfer of shares. This adds an ironic twist to Canbank's latest advertising line: Play by your own rules.

Dave accepts that the report, if true, strengthens his panel's suggestions that all mutual funds be monitored by SEBI to ensure a level playing-field. For example, open-ended mutual fund schemes such as UTI's Unit Scheme 64 does not buy and sell units at net asset value (whereas this has been recommended for the private sector by the Dave panel).

The norms also require the funds to distribute a minimum of 80 per cent earnings in any given year. However, Dharmapal feels this should apply over the life of a scheme so that a scheme can build its reserves in the early years.

Unlike other panels such as the L.C. Gupta and Pherwani panels, the Dave panel had a representative from SEBI. It has also, unlike the others, thrown open its report for debate before seeking government sanction. SEBI's representative on the panel, Pratip Kar, who was involved in the deliberations, however, reserved opinion on the recommendation.

■ MAHIRA SHEIKH

PESTICIDES

Good year, better ahead

The total market size for technical grade pesticides and formulations is put at about Rs.850 crore for 1990-91 and is growing at 5 to 7 per cent a year. Against the forecasted demand of around 85,000 tonnes for 1991-92, the total installed capacity is 110,000 tonnes, implying a capacity utilisation of 77 per cent. This hides the fact that some pesticides such as endosulfan are in short supply, while others such as malathion are in surplus.

The agricultural sector consumes 62 per cent of the pesticides produced, two-thirds of which is absorbed by just two crops, cotton and paddy. Andhra, Karnataka and Tamil Nadu account for most of the consumption, followed by paddy producers in Punjab, Haryana, Gujarat and Maharashtra.

"A good performance from the industry this year," is how Pradeep Dave, president of the Pesticides Formulators Association of India, sums up the situation. With timely monsoons in the south, the cotton crop is estimated by the Cotton Advisory Board to cross 123,000 bales in 1991-92 (117,000 bales in 1990-91). The kharif crop is anticipated at 100 million tonnes of foodgrains, now that the rains have improved. The paddy crop might suffer some setback due to a reduction in acreage by about 5 per cent. The good news is that purchasing power is up after three good monsoons and given that the pests are not far behind, this clinches the demand side of the situation.

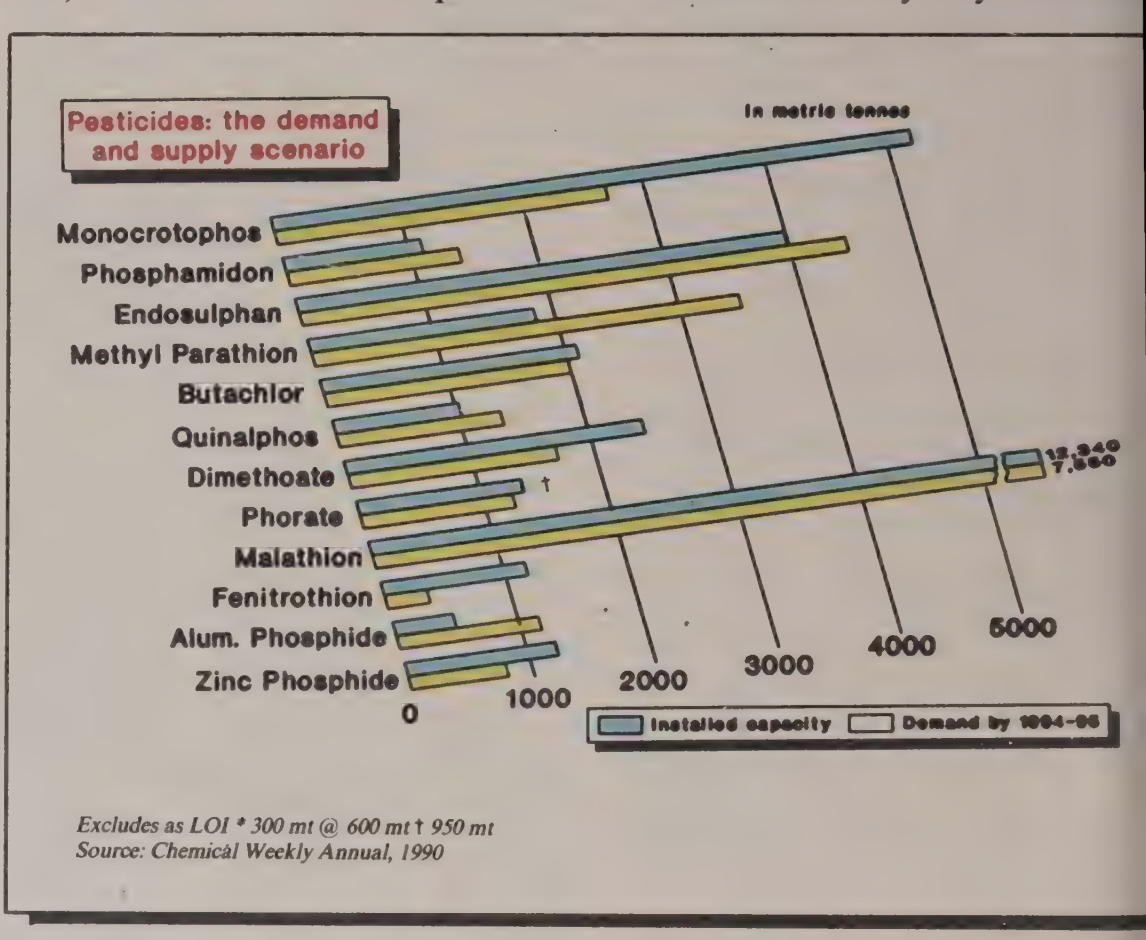
Star performers. Within the industry, Bayer and United Phosphorus were star performers in profitability and the latter has stolen the limelight on the trading floor as well. Excel and Searle have maintained performance, but the overall numbers for other majors such as Hindustan Ciba and Sandoz are watered down by the poor performance in their pharmaceutical divisions (*see table*).

Bayer's insecticides — methyl parathion, methyl demeton and fenthion - should do well. The company has introduced two new fungicides, Bayleton and Baycor (the latter is for the tea industry, the former for grapes, coffee and vegetables). A new formulation plant for methyl parathion commenced commercial production in January 1991.

United Phosphorus is expanding the capacity for its near monopolistic phosphatic pesticides — aluminium phosphide (from 800 to 1,200 tpa), white phosphorus (2,000 to 3,500 tpa) and phosphorus pentachloride. It has plans for a fully convertible debenture issue later this year to raise Rs.9.32 crore. debentures will be converted at R per share compared with the cur market price of Rs.355. The comp later plans to integrate upwards by u its current output of tri-methyl p phate to manufacture monocrotop The demand for its major produc good.

Excel's name is synonymous with dosulfan, a popular broad spectrum secticide used in cereals, cotton, ju oilseeds, pulses, etc. Strong demand a good management combined with b nus prospects (book value per share Rs.63.8) have made this scrip a stro stockmarket performer.

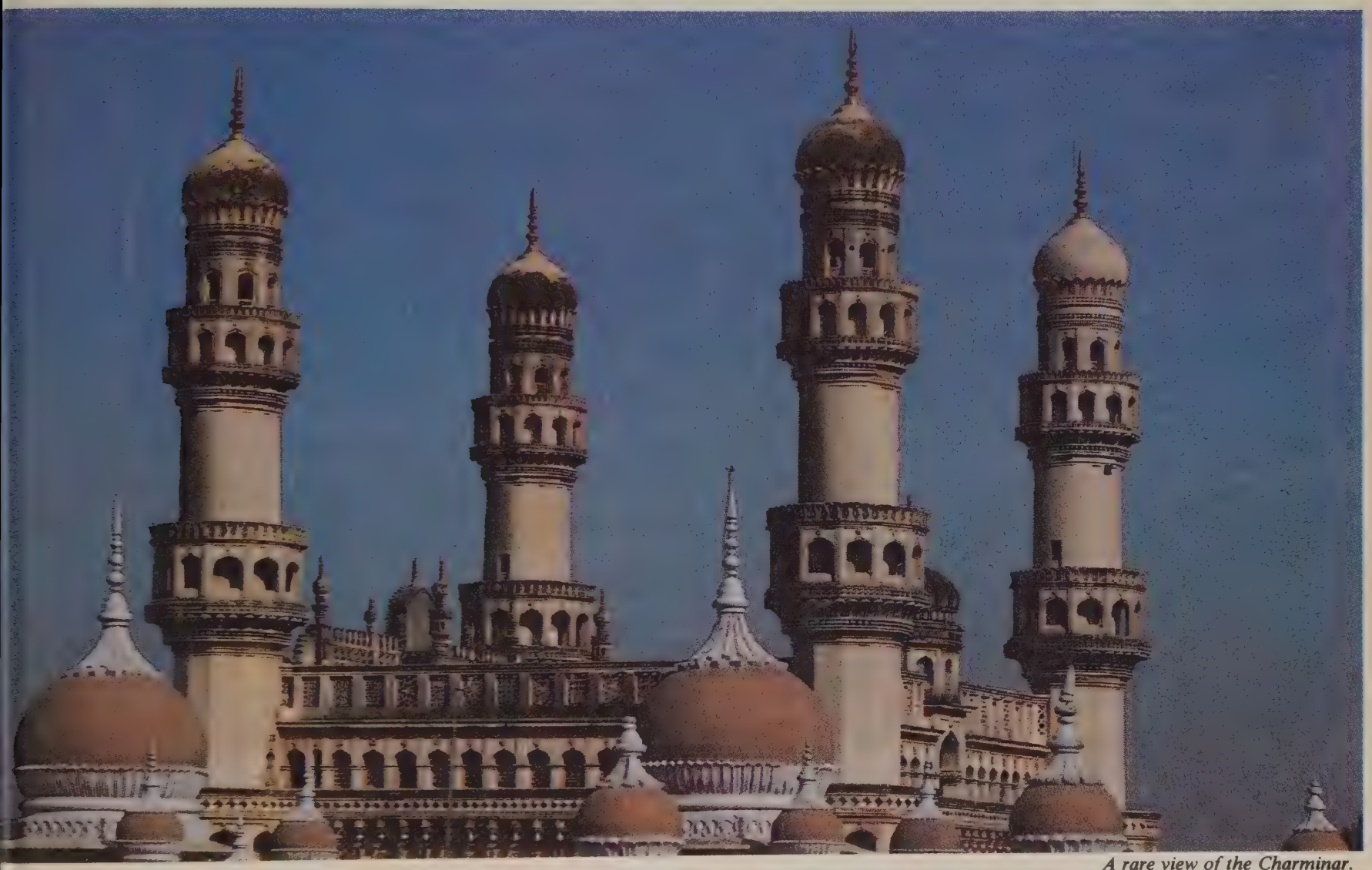
Modest bottomlines. Searle, an RP company like Bayer, makes butachl



*Excludes as LOI * 300 mt @ 600 mt † 950 mt*
Source: Chemical Weekly Annual, 1990

Company name	Bayer India		Hind Ciba		Cyanamid		Excel		Searle		United Phos		Rallis		Sandoz	
	1991	1990	1991	1990	1991	1990	1991	1990	1991	1990	1991	1990	1991	1990	1990	198
Sales	179.06	148.09	296.92	246.31	74.41	66.79	123.66	99.13	64.21	56.09	55.12	39.03	424.9	358.04	203.76	173.6
Pesticides/Sales (%)	48.1	46.4	32.22	30.32	47.49	49.89	68.05	67.95	40.21	49.97	45.54	60.40	26.22	27.35	39.29	36.9
Operating profit margin (%)	14.36	11.61	12.43	13.69	15.37	15.06	20.58	20.16	13.11	14.48	19.01	10.02	4.23	4.77	11.19	12.1
Gross profit margin (%)	9.91	7.62	11.23	12.64	12.94	12.37	15.34	14.92	10.12	11.46	14.10	3.66	1.29	1.46	6.97	7.9
EPS	52.03	32.74	54.22	86.50	8.74	7.77	21.73	19.98	7.89	7.62	16.17	1.83	1.18	1.44	6.72	11.1
Return on net worth (%)	21.85	15.68	19.20	23.26	21.51	22.99	34.08	40.68	15.84	17.27	49.70	9.82	2.48	3.10	15.48	19.2
Market price (Rs.)	1150	–	1900	–	175	–	420	–	195	–	357.50	–	115.00	–	132	
Price/earnings	22.1	–	35	–	20	–	19	–	24.7	–	22	–	–	–	19.6	

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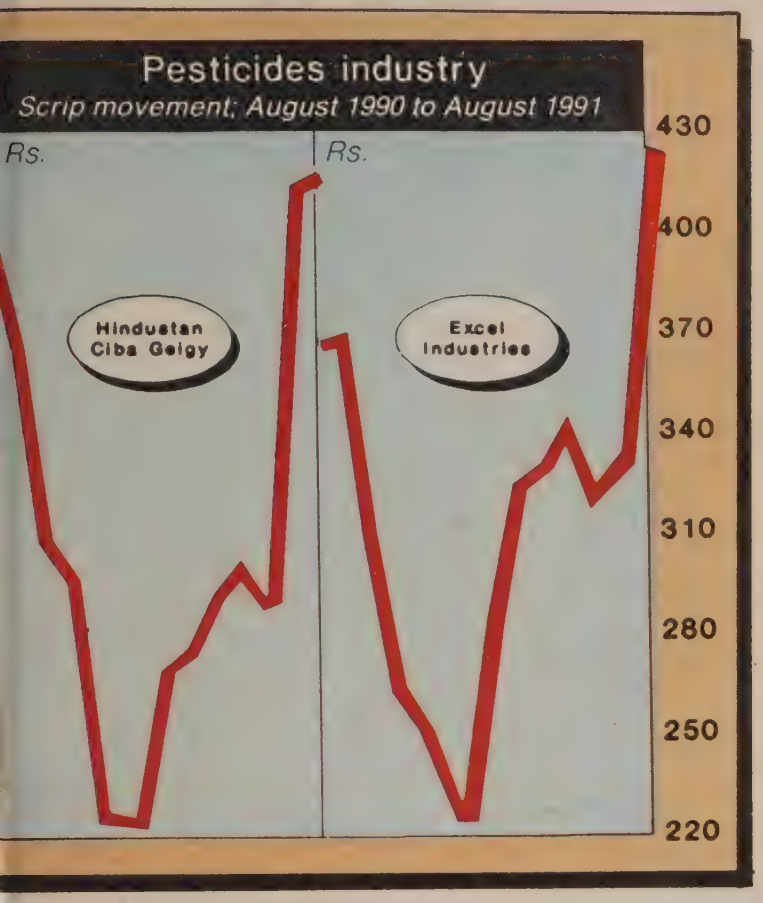
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is considered a low growth prod- capacities are adequate. On the hand, Hindustan Ciba has one ct in good demand, phospha-, while DDVP and monocrotophos ess potential. Sandoz manufac- quinalphos, a product in good de- although Sudarshan Chemicals is utting up competition. All three anies showed modest bottomlines ar, but the latter two owe some of rformance to their pharmaceutical ns.

namid and Rallis make products xcess capacity, as the chart shows. mid makes phorate, malathion nitrothion, while Rallis makes noate.

the first half year of the current nded December 1991, Sandoz has d a setback. Net profit has turned ve to Rs.34 lakh from a profit of 3 crore in the corresponding half previous year. However, this is ikely due to a poor pharmaceuti- formance.

ording to Dave, companies like Bayer and United Phosphorus erform well this year while Hin- Ciba and Sandoz, whose de products are in less short sup- ill not do as well.

rent credit and import margin re- ns have hurt performance. Dave that since the industry is a net for- eign exchange earner (1990-91 exports were Rs.200 crore versus imports of Rs.30 crore), it makes little sense to impose restrictions on this industry.

Developing a new pesticide is time consuming and it usually costs over Rs.20 crore to bring it to the market for release. At the same time, innovation is absolutely a must for the industry; there is a high rate of product obsolescence caused by progressive immunity developed by pests. Besides fears of environmental pollution (as in dyestuffs) often forces manufacturers to turn to newer, less harmful pesticides. In some respects, innovation has proved to be the industry's Achilles' heel and it has to get around that problem somehow.

TRENDS

Sudarshan Chemical

Sudarshan Chemical Industries, a well known manufacturer of a wide range of organic and inorganic pigments as well as intermediates and pesticides, has reported a 14 per cent rise in sales for the half year ended June 1991. However, profit at net level has dropped by Rs.10 crore.

Meanwhile, the company is planning a Rs.10 crore expansion at its Roha plant, where it hopes to upgrade the quality of pigments and intermediaries. This will be done with the help of its collaborators, Dianippon Ink & Chemicals, Tokyo, and will be completed by the end of 1992.

Sudarshan Chemical *(Rs crore)*

Period	Jan-Jun '91	Jan-Jun '90	Jly '89-Jun '90
Net sales	48.43	42.57	79.46
Other income	1.95	2.01	3.31
Raw material costs	23.74	24.40	43.32
Wages	2.74	2.02	4.51
Operating profit	8.90	7.46	13.04
Interest	2.41	1.45	2.84
Gross profit	6.50	6.01	10.20
Depreciation	3.10	2.33	4.32
Tax	1.25	0.52	1.00
Net profit	2.15	3.15	4.97
OP/Sales (%)	18.39	17.52	16.41
RM/Sales (%)	49.02	57.31	54.51

Lipton

Lipton India, the consumer giant and part of the Unilever group, reported lacklustre results for the year ended December 1990, which kept the share price depressed at Rs.75 around end February 1991. But in anticipation of a good half year performance by end July, the scrip has doubled to Rs.150.

Lipton *(Rs crore)*

Period	Jan-Jun '91	Jan-Jun '91	Jan-Dec '90
Net sales	302.79	261.97	562.21
Other income	5.29	3.65	11.21
Raw material costs	231.64	199.24	434.43
Salaries and wages	9.33	8.53	16.93
Operating profit	13.31	12.79	25.82
Interest	6.02	7.94	12.07
Gross profit	7.29	4.85	13.75
Depreciation	0.99	0.75	1.70
Tax	3.21	1.72	6.22
Net profit	3.09	2.38	5.83
OP/Sales (%)	4.40	4.88	4.59
RM/Sales (%)	76.50	76.05	77.27

For the six months ended June 1991, the company's sales are up by 15 per cent compared to the corresponding period last year. While gross profit is up 50 per cent, net profit is up by only 30 per cent, partly due to a higher tax burden. For the first time, the company has declared an interim dividend of Re.1 per share.

Kajaria Ceramics

The Delhi-based Kajaria Ceramics reported a 108 per cent higher operating profits for the six months ended March 1991. Gross profit has risen by 132 per cent, while net profit is up by 278 per cent. No provision has been made for

taxation. Operating profits and raw material costs as a percentage of sales have stayed almost the same, not only compared to the same period last year, but also in relation to the figures for the year ended March 1991.

Kajaria Ceramics *(Rs crore)*

Period	Oct-Mar '91	Oct '89-Mar '90	Apr '90-Mar '91
Net sales	10.39	5.48	16.43
Other income	0.06	0.17	0.06
Raw material costs	2.80	1.19	4.31
Salaries and wages	0.50	0.24	0.78
Operating profit	4.57	2.19	7.27
Interest	1.66	0.94	2.80
Gross profit	2.91	1.25	4.47
Depreciation	1.16	0.69	1.91
Tax	-	0.09	-
Net profit	1.74	0.46	2.55
OP/Sales (%)	0.44	0.40	0.44
RM/Sales (%)	0.27	0.22	0.26

RESULTS ANNOUNCED

Procter & Gamble

Lack-lustre performance; dividend pruned by 10 per cent to Rs.2 per share; plans to consolidate position in the detergents and sanitary products business

Engaged in the manufacturing of drugs and pharmaceuticals, cosmetics and toilet preparations, P&G — of the Richardson-Vicks group of the US - has reported a turnover of Rs.99.40 crore for the year ended June 1991, 29 per cent higher than that in the previous year. However, at net level the profit has dropped by 43 per cent to Rs.3.16 crore (Rs.5.60 crore), causing the EPS to fall from Rs.8.38 last year to Rs.4.73.

According to the company, the net profit has declined on account of investments made towards establishing new products. Manufacturing and selling expenses have increased by 33 per cent to Rs.43.81 crore. Also, the financial charge on the company has more than doubled from Rs.1.19 crore to Rs.2.56 crore with the total debt up by 82 per cent to Rs.24.22 crore.

During the period under review, the company set up a plant to manufacture detergents at Mandideep in Madhya Pradesh. The first phase of the plant commenced production of Ariel detergent in April 1991. The product was test marketed in Vishakapatnam and is currently being sold all over South India.

In the next few years, chairman G.C. Das says, "P&G will consolidate its position in the detergent and sanitary product business through investments in marketing, sales, product development and the supply systems."

Bannari Amman Sugars

Turnover up 13 per cent; EPS hovers around par value; dividend up to 20 per cent; expansion in sugar planned

With its turnover touching Rs.34.04 crore, the company's profit after tax has moved up by 10 per cent to Rs.3.50 crore, yielding an EPS of Rs.9.33. During the year, the company's sugar factory worked for 286 days, during which a total of about 380,000 tonnes of sugarcane was crushed at an average recovery of 9.69 per cent.

As per the Tamil Nadu government's advice, the company paid Rs.308.80 per tonne of cane procured from its reserved area during the first half ended September 1990. This was subsequently raised by Rs.30.50 per tonne for the second half. This was, however, against the statutory minimum prices of Rs.271.80 and Rs.278.70 per tonne notified by the central government during the two periods.

Meanwhile the company is setting up a new sugar factory in Mysore with a cane crushing capacity of 2,500 tonne per day. It is expected to go on stream in the third quarter of 1992.

IN BRIEF

Guest Keen Williams has reported a fall of 5 per cent in its turnover at Rs.224 crore for the year ended March 1991. However, the net profit after tax has improved by 143 per cent to Rs.5.68 crore. This can be attributed to the substantial gains from asset stripping.

Vinati Organics is putting up a l tpa plant for the manufacture of iso benzene, a drug intermediate. The ject will be located at Mahad in M rashtra and the cost outlay is pegg Rs.14.55 crore.

Ganesh Benzoplast is embarking expansion-cum-diversification pr for the manufacture of 3,600 tpa of zonic acid and sodium benzoate.

With its turnover crossing the Rs. crore mark **Punjab Con-Cast** has m tained its dividend at 35 per cent an clared a liberal bonus in the ratio o

Jai Hill Resort is putting up a Rs.8-c 3-star hotel between Panvel Khopoli in Maharashtra. The first p consisting of 72 rooms has already commissioned.

Vee Kay Fibres, a company which tered the capital market in March has attained 95 per cent capacity uti tion and has achieved a turnover of crore upto August 1991.

Pentokey Organy is putting up a p to manufacture 5,000 tpa of acetic via the alcohol route besides 3,300 tp two grades of esters. The project co estimated at Rs.12.30 crore and wil coming up in Maharashtra.

Even though **Andhra Cements**' tu over has doubled to Rs.81 crore, it c tinues to be in the red with net losse Rs.29.39 crore.

After a lapse of seven years, **Associa Precision Spindles** has entered the d dend list with a handsome 50 per cent the year ended March 1991.

Vardhaman Wires and Polymers is ting up a plant to manufacture spe high-heat class enamelled wires and sulating varnishes at Savali in Barod

Shree Rajasthan Syntex has und taken a diversification programme volving Rs.22 crore for the manufact of polypropylene multifilament yarn technical collaboration with Neumag Germany.

Ravi Hi-tech proposes to set up Rs.4.10-crore plant for the manufact of alloy steel and malleable iron castin with a capacity of 3,000 tpa at Pa chmahal in Gujarat.

Balaji Tubes, part of the Indian Sea less group, has amalgamated w United Fluid Power Equipment.

Alexcon Extrusions has put up a 100 cent EOU to manufacture aluminium trusion products.

e-Line Circuits

Line Circuits Ltd's (FLCL) project nufacture professional grade sin- d double side single boards has et up in a short span of one and a ears. It has an installed capacity of housand sq.metres, and has tied up Chicago Circuits International, (equity participation of Rs.75 and Circuit Systems Inc., USA ical knowhow). Chicago Circuits so agreed to purchase the entire ction of FLCL, thus rendering the t 100 per cent EOU. According to y Doshi, the managing director, lave a firm export tie-up with Chi- Circuits who have branches all over S and also in Germany, Singapore Malaysia".

single and double-sided printed boards to be manufactured by a sophisticated product requiring quality control. The computerised and machinery for the same has al- been imported at a cost of Rs.2.7 The company hopes to instal it by er and commence commercial ction by December 1991. It may aved costs on the plant as it was ased prior to devaluation but ma- v materials like copper clad lami- backup entry board, carbide etc. will be imported from the US ngapore. Raw materials will con- 40 per cent of the production cost, Doshi. FLCL will manufacture its cts in the standard 3' x 4' size from it can be cut as per the user's re- nent, be it computers, cars, wash- achines, telecommunications, etc. rt from single and double-sided multi-layer PCBs are in demand in reign markets. Both BCC Fuba and Professional Circuit Boards propose to manufacture multi-layer PCBs also. But according to Doshi, FLCL will concentrate on the former variety. "The Americans don't find this product cost-effective and hence don't concentrate as much on the same," he elaborates.

-Line Circuits	
opens	: 24 September 1991
f the issue	: Rs.4.2 crore
ian public	: Rs.2.31 crore
ment	: Equity shares of Rs.10 each
ters	: B.T. Doshi, Abhay Doshi
t	: To manufacture printed circuit boards
ocation	: SEEPZ, Maharashtra
	: Bombay, Ahmedabad, Baroda



Jindal Ferro Alloys

A company of the O.P. Jindal group, Jindal Ferro Alloys Ltd was earlier known as Riddhi Siddhi Ferro Alloys Ltd. In existence since the last 10 years, it is only since 1987 that JFAL has been engaged in the production of high carbon ferro chrome, producing 7,200 tpa at 120 per cent capacity utilisation, claims Ratan Jindal, a director of the company. For the 15 months ended July 1990, sales at Rs.18.45 crore showed an increase of 83 per cent (annualised), over the 1988-89 figure. However, for the eight months ended March 1991, sales (at Rs.9.83 crore) shows a decline of around 20 per cent (annualised). Jindal attributed the dismal performance to a fall in demand as well as the political problems that have been plaguing India in the recently ended financial year.

The company is increasing its production capacity to 15,000 tpa, which is also the recommended minimum economic size. For this purpose, JFAL is installing an additional furnace of 12 MVA capacity. The technology for the same has been developed by Jindal Strips Ltd which JFAL is acquiring at a cost of Rs.50 lakh. A rotary kiln for pre-treatment of

Jindal Ferro Alloys	
Issue opens	: 18 September 1991
Size of the issue	: Rs.14 crore
To Indian public	: Rs.10.33 crore
Instrument	: Equity shares of Rs.10 each at a premium of Rs.20 per share, partly convertible debentures of Rs.200 each
Promoters	: O.P. Jindal
Project	: Increasing capacity of Ferro chrome from 6,000 m.t. per annum to 15,000 m.t. per annum
Cost of the project	: Rs.30.85 crore
Plant location	: Vizianagaram, Andhra Pradesh
Listing	: Bombay, Calcutta, Hyderabad

the raw materials, chrome iron, ore lumps and fines is also being installed.

The new technology is expected to save raw material costs as it will enable the company the partial use of ore fines instead of the more expensive chrome ore lumps. Scheduled to be implemented by December 1991, Jindal hopes to achieve full capacity utilisation only around March 1993.

Ferro chrome is a major raw material for producing stainless steel. Over the last few decades, the ferro chrome market has proved to be cyclical in nature. But JFAL has a five-year tie-up with its sister concern Jindal strips, for an assured sale of 80 per cent of JFAL's production. According to Ratan Jindal, JFAL will also try to export around 40 per cent of its production. For March 1992, he projects a turnover of Rs.22 crore which is expected to rise to Rs.35 crore by March 1993. Jindal expects 14 to 15 per cent net profit margins on turnover.

Hotel Leela Venture

As the name indicates, Hotel Leela Venture Ltd has two five-star de luxe hotels located in Bombay and Goa. It has been operating the Bombay hotel, The Leela Kempinski, since November 1986 and has commissioned the Goa hotel, The Leela Beach, in September 1990.

HLVL first made a public issue in February 1985. Till date, it has repeated the exercise of approaching the capital market almost once every 18 months through rights issues. So far, the company has yet to enter the dividend list. In fact, it has to wipe out its carried forward losses of Rs.1.84 crore (as on March 1991) before it can make headway in rewarding its shareholders. According to the company's managing director, Vivek Nair, HLVL will wipe these losses in the current year ended March 1992.

For the year ended March 1991, HLVL's turnover is up 27 per cent to Rs.20.09 crore while its profit at net level has scaled up by 17 per cent to Rs.21.33 lakh. After the current issue, the company's equity will increase from Rs.18.57 crore to over Rs.30 crore.

The reason for the current issue is to finance the cost overrun in setting up the Goa hotel and the expansion at the

Hotel Leela Venture	
Issue open	: 9 September to 10 October 1991
Size of the issue	: Rs.14.86 crore
To Indian Public	: Rs.9.29 crore
Instrument	: Equity shares of Rs.10 each
Promoter	: Capt. C.P. Krishnan Nair
Listed at	: Ahmedabad, Bombay, Cochin, Delhi, Mangalore

Bombay hotel (that has added 172 rooms including suites, six meeting rooms, a board room and an Italian restaurant), the total cost of which increased from Rs.42.80 crore to Rs.49.92 crore.

Altos India

Incorporated in September 1982, Altos India Ltd started its operations with the manufacture and sale of electronic typewriters. In 1988, it set up facilities for the manufacture of micro/mini computers. Today, AIL is the largest supplier of computers, on an OEM basis, to Pertech Computers Ltd.

Promoted by chairman Bharat Goenka, AIL's board of four consists of qualified IIT/IIM graduates who have relevant work experience in the field. AIL's computer systems, from personal com-

Altos India	
Issue opens	: 25 September 1991
Size of the issue	: Rs.8.62 crore
To Indian public	: Rs.8.19 crore
Instrument	: Fully convertible debentures of Rs.1 each.
Promoter	: Bharat Goenka
Object of the issue	: To finance the upgradation of R&D facilities, for softwa development and to augment working capital
Cost of the project	: Rs.12.78 crore
Plant location	: Okhla Industrial Ar New Delhi
Listing	: Bombay, Delhi, Calcutta, Madras, Ahmedabad

puters to engineering work stations mini computers, cater to both the mestic and export markets. "Effici and quality are the key words an have made many capital intensive vestments, like computerised autom test equipment, to achieve them," s Goenka.

AIL's production in terms of value risen from Rs.14.6 crore in 1988-8 Rs.75.4 crore in 1990-91. With or worth Rs.29 crore in hand, AIL exp production to grow by a minimum c per cent in 1991-92.

Its present R&D objectives include stituting imported hardware and s ware items, so that the compa products are available at reasona rates. However, AIL's plans to con trate more on the export of compu seems to work at cross purposes to R&D efforts. With export orders wo Rs.9.1 crore on hand, projected exp turnover for June 1992 is Rs.29 cr Presently, AIL exports to Sweden, Middle and Far East, Poland, Finla the USSR, etc. "Exports for 1990 were Rs.10.7 crore," adds Goenka.

On the sales front, AIL has done wel notching up a higher sales figure Rs.93.29 crore (Rs.43.99 crore last y for June 1991. But profit after tax Rs.5.38 crore (Rs.4.06 crore) has ri by a mere 32 per cent. This is mai because of higher raw material and ot costs.

4 Critical reasons to go in for UI's machinery breakdown insurance policy

1 THE PRODUCTION REASON
"One important machine down and the whole assembly line comes to a standstill. Production schedules go awry."

2 THE MARKETING REASON
"Availability and flow of products into the market can make or break a company. Failure to keep up to delivery schedules will result in losing faith of distributors and customers. And will allow competitors to get their foot in."



3 THE FINANCE REASON
"Cash flow disruption. Working Capital is unproductively locked up in this investment. All this can make a big difference to profits."

4 THE MAINTENANCE REASON
"Turbines, compressors, pumps, generators, transformers — all costly equipment. I can control routine repairs, but not unforeseen breakdowns or losses."

Any kind of mechanical and electrical machinery—at work; at rest; or being cleaned, inspected, overhauled, removed or re-erected within the insured premises... UI covers them against any unforeseen loss or damage. This policy can also be extended to cover loss of profits following breakdown.

So whether you are the manager of a big factory or a small scale industrialist, make sure sudden loss of machinery and lack of re-financing doesn't bring your operations to a standstill.

MAKE UI INSURANCE A PART OF YOUR POLICY

UNITED INDIA INSURANCE CO. LTD.
(A subsidiary of the General Insurance Corporation of India)

ACT NOW. CONTACT ANY OF OUR 1120 OFFICES.

HTA 7762

Ashok Leyland

THE RIGHTS ISSUE

Issue of 96,16,226 — 14% Secured Redeemable Partly Convertible Debentures (Series VIII) of Rs 200 each for cash aggregating Rs 192,32,45,200 on rights basis to resident shareholders and 4,80,812 — 14% Secured Redeemable Partly Convertible Debentures (Series VIII) of Rs 200 each for cash aggregating Rs 9,61,62,400 to the existing employees (including Indian Working Directors) of the Company on an equitable basis.

SALIENT FEATURES OF PARTLY CONVERTIBLE DEBENTURES

Face Value: Rs 200 per Debenture.

Rate of Interest: 14% p.a. payable half-yearly.

Conversion: Rs 100 per Debenture will be converted into 2 Equity Shares of Rs 10/- each at a premium of Rs 40/- per share. (Market price Rs 150/- ex-Rights at Bombay on 28.8.1991). The conversion will be done in 2 stages.

First conversion to take place on 1st April, 1992 or at the end of 6 months from the date of allotment whichever is later and the second conversion on 1st October, 1992.

Redemption: The non-convertible portion of Rs 100/- per Debenture will be redeemed at par in 3 annual instalments of Rs 35/-, Rs 35/- and Rs 30/- per Debenture at the end of 7th, 8th, and 9th years respectively from the date of allotment.

Listing at Madras, Bombay, Delhi, Cal Ahmedabad.

Payment Terms per Debenture :

On Application	- Rs 50
On Allotment	- Rs 50

The balance of Rs 100 per Debenture wi payable in 2 calls of Rs 50 each.

Payment Facility: The Company has m arrangement with State Bank of India fo Demand Drafts (DDs) free of charge to a investor applying for these Debentures. may be obtained from any branch of Sta of India anywhere in the country.

RISKS PERCEIVED BY THE MANAGEME

The Company perceives the following risks in vi prevailing political and economic conditions.

i) Any new levies and taxes, any further import and/or further devaluation of the rupee may r cost overrun of the projects and may affect th economics of the investment programme. Thi warrant appropriate changes/modifications to programme.

ii) If the Government of India's monetary policie import curbs become more stringent, it may h adverse impact on the growth of the industry.

iii) If the growth of the industry is affected due to as above, intensive competition from existing manufacturers may result in inadequate utilisa capacity.

Your Company will however, strive to take appr measures to counter the adverse impact, if any.

RIGHTS CONVERTIBLE DEBENTUR

ASHOK LEYLAND 2000

GLOBAL STANDARDS
GLOBAL MARKETS

T RATINGS FROM CRISIL



any's financial
reflected by best
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ing
on Services of
ited
for every kind of
ment issued by the company :

Debentures, a long term debt instrument

or Fixed Deposits, a medium term debt
t

Commercial Paper, a short term debt
t

ing the highest degree of safety for
ment of interest and repayment of
amount.

The Company's intention to retain over-subscription up to 15% of the issue has been duly noted by the Controller of Capital Issues. In the event of over-subscription, the Company will apply for formal consent of the Controller of Capital Issues for retaining the oversubscribed portion.

Letters of Offer and Composite Application Forms have been mailed to the Resident Indian Shareholders whose names appear on the Register of Members on 17th August, 1991 (Record Date). In case the same is not received by 14th September, 1991 kindly write to Ashok Leyland Limited, Investors Service Centre, 19 Rajaji Salai, Madras 600 001 quoting folio number.

If the Company does not receive the minimum subscription of at least 90% of the issued amount, the entire subscription will be refunded to the applicants within 90 days from the closure of this issue. If there is a delay in refund of such amount by more than 10 days, the Company will pay interest @ 15% p.a. for the delayed period.

LEAD MANAGERS TO THE ISSUE

ne Industrial Credit and
vestment Corporation
f India Ltd.
erchant Banking Division
Cenotaph Road
adras 600 018

SBI Capital Markets Ltd.
Shakti Towers
766, Mount Road
Madras 600 002.

ANZ Grindlays Bank p.l.c.
Merchant Banking Division
19 Rajaji Salai
Madras 600 001

DSP Financial Consultants Ltd.
914 Raheja Chambers
213 Backbay Reclamation
Bombay 400 021

CO-MANAGERS TO THE ISSUE

itibank N.A.
lerchant Banking Group
hakti Towers
th Floor
66 Anna Salai
Iadras 600 002.

CANBANK FINANCIAL SERVICES LTD.
Spencer Annexe 1st Floor
770-A Anna Salai
Madras 600 002

Infrastructure Leasing & Financial Services Ltd.
81 Maker Chambers VI
Nariman Point
Bombay 400 021

PNB Capital Services Ltd.
706 Anna Salai
Madras 600 006.

Ashok Leyland Limited

Regd. Office: 19 Rajaji Salai, Madras - 600 001.

PRESSMAN

ER OPEN TILL 8TH OCTOBER, 1991

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RCD

Research & Consultancy Directorate,
(A division of The Associated Cement Companies Limited)

CRS Complex, L.B. Shastri Marg,
Thana 400 604, Maharashtra.
Tel: 593631. Cable: ACCRESERCH
Telex: 011-72190 CRS IN & 011-72326 CRS IN
Fax: (022)-508962

PTA REPORT

n expert study?

ert Study of Trading in Shares Stock Exchanges," by L.C. recommends sweeping changes et operations. Surprisingly, the ent has asked for implementa- hese changes without adequate Yet a rethink is necessary.

.C. Gupta committee had a wide examine the trading system t on Indian stock exchanges, to ne effectiveness of the system of on and market surveillance, to the *badla* system and to recom- nprovements in the system of

rst suggestion is to merge 'A' groups with a uniform settle- riod of seven days. This would peculation and help an investor is money fast, thus reducing nts.

ommittee argued that specula- es from the 14-day settlement 'trading velocity" measured by e change over a fortnight as a ge of starting price is used to ar- markets are volatile because 27 of stocks had a trading velocity 0 per cent.

allacies with this argument are l. First, the numbers are unre- the size of scrip. Small 'B' group which record high price swings o thin trades should be treated ly from active scrips. Second, o evidence that active 'A' group which speculation is permitted) e volatile than active 'B' group

ractical level, the report ignores culties in implementation of a ttlement period. It should be at last October the BSE had a vol- 120,000 deals which rose to deals in August. This is the high- ity of deals (per minute) in the The logistics of total 'A' and 'B' ttlement together every 7 days e stultifying. The report simply the realities of paper handling the crux of the problem.

port states that transfers are re- low floating stock. If so, how eport state that excess of trading volume over transfer represents speculation? In fact, the archaic share transfer system is the reason why investors do not transfer their shares at once but prefer to wait until they must.

The report's conclusion that investor complaints are not attended is unaccompanied by back-up data. BSE data suggests that 98 per cent of investor complaints pertain to company lapses and 2 per cent to broker lapses.

The second recommendation is that, to minimise defaults, 50 per cent of the exchange's governing board should be government nominees. In this context, the report refers to the market's default in January 1991 on the BSE. This was, however, a mere Rs.1 crore against a fall in market capitalisation by Rs.40,000 crore. Further, the default arose in 'B' group shares due to client defaults. Hence, the contention that default arises from speculation in 'A' group shares is unfounded.

A contradiction

The recommendation contradicts experience. In the past, be it for revising the transfer system, improving telecommunication facilities, providing more space by vacating premises occupied by public sector banks or approval for the brokers' depository corporation, interaction with the government has invariably involved delay.

The third change suggested is minimum 25 per cent margins should be levied on all shares. There are two issues involved here. First, the BSE regularly levies margins ranging between 5 per cent and 100 per cent and has fined members for disregarding margin directives. A system of imposing daily margins also exists. But it makes sense to vary the margin depending on a scrip's "technical position" rather than to levy a uniform margin.

The second issue is that margins protect investors from default that could arise from excessive speculation. The carry forward system should be abolished and replaced with a "mark to the market" system of daily settlement, says the fourth recommendation. The report strangely states that the *badla* system is perpetuated because it helps both brokers and speculators earn handsome profits. The fact is that *badla* is a cost to a forward buyer while a short-seller takes the risk of losing when scrips appreciate in price. To criticise the carry forward system merely because it is indigenous is to carry the *ergo hoc, propter hoc* (after this, therefore because of this) fallacy to ridiculous lengths. Note that in the government securities market, where RBI has officially allowed banks to do Ready Forward is nothing but *badla* in money market.

The report also suggests a system of obligatory market makers to provide liquidity by offering bid-ask spreads of 1 per cent to 2 per cent. For active scrips, the jobbers' spread on the BSE is within half per cent. The spread rises for inactive scrips, but the problem there is not that jobbers quote too high a spread. It is that low equity bases and floating stock lead to thin trades. This forces jobbers to charge a high spread for carrying large untradeable stocks.

Besides, the most actively traded security in Indian capital markets is US 64 units sold by UTI, where the spread is 7 per cent. If the government has no qualms about UTI charging 7 per cent, what is all the fuss about?

Nobody fears change, least of all brokers who benefit from smoother markets. But change *per se* cannot be justified without demonstrably visible gains to investors and the rest of the capital market's participants. Change involves pain and nobody should be asked to bear pain fruitlessly.



DINA MEHTA

The author is a stockbroker

Stockmarkets

Company	Closing price 6.9.91	Fortnight ago 23.8.91	P/E (times)	Yield (%)	Company	Closing price 6.9.91	Fortnight ago 23.8.91	P/E (times)	Yield (%)	Company	Closing price 6.9.91	Fortnight ago 23.8.91	P/ (tim
A.P.Rayons	60.00	70.00	10.0		BharatBijlee	2800.00	2800.00	11.1		DeepakFert	31.25	31.25	9
ABB	195.00	187.50	95.7•	1.4	BharatForge	245.00	245.00	24.9	1.2	DeepakNitr	115.00	110.00	8
ACC	3625.00	3420.00	18.4		BharatGears	54.00	62.50	9.8	2.8	Dharamsi	55.00	55.00	10
ATVProjects	45.00	47.50	6.2•	3.9	BharatSeats	56.00	62.50	12.3•	1.4	Diam&Chem	72.50	72.50	9
AbbottLabs	62.50	65.00	26.5•		BharatVijay	1050.00	1075.00	6.2	2.1	DigitalEquip	80.50	92.00	
AcmeMfg.	17.00	18.75	11.1•	8.8	BhilwaraSyn	39.00	32.50	19.2•		Dr.Beck	117.50	105.00	19
AddiInd	95.50	90.00	9.2•	2.6	BiharCaustic	40.00	37.00			Dr.Reddy's	200.00	200.00	14
AhmElectric	600.00	625.00	26.0	2.7	Bimetal	195.00	195.00	16.2	1.1	Dunlop	77.50	80.00	27
AlfaLaval	268.75	280.00	20.4		BindalAgro	52.00	45.00	9.9	9.6	Duphar-Inter	130.00	87.50	24
AlkylAmines	170.00	175.00	72.1	1.3	Birla3M	220.00	180.00			E.Merck	160.00	153.00	49
AmalRasayan	65.00	71.25			BirlaJute	370.00	340.00	19.2		E.CoastSteel	82.50	82.50	28
AmarDyechem	190.00	170.00	22.1•		BirlaKenna	135.00	80.00			E.I.Hotels	60.00	60.00	25
Amforge	87.00	87.00	15.5•	3.2	BlowPlast	165.00	180.00	11.0	2.3	EIDParry	160.00	130.00	15
AmritBanasp	92.50	77.50	16.1	2.2	BlueBlend	27.00	31.00			EicherMotors	45.00	42.50	6
AndhraCement	30.00	28.00			BlueStar	66.25	67.50	11.1	2.4	EicherTractr	175.00	160.00	11
AndhraPaper	1410.00	1465.00	7.9	1.8	BomBurmah	1375.00	1225.00	12.4	2.5	EleconEng	47.50	47.50	59
AndhraValley	1450.00	1500.00	25.1	1.4	BomDyeing	280.00	290.00	17.5	1.1	Electrosteel	125.00	120.00	11
AntifBearing	111.25	105.00	12.5	2.2	BomTyres	66.50	68.75	5.7		ElgiEquip	360.00	320.00	20
ApolloTyres	129.00	120.00	25.5•	1.9	BombaySub	120.00	135.00	4.2	1.5	ElgiTyres	130.00	130.00	10
AppleInd	40.00	42.50	5.7	6.4	Boots	215.00	205.00	22.	1.5	EmaIndia	65.00	55.00	11
ArihantFab	28.75	28.75	10.2	7.0	Britannia	187.50	195.00	34.6	1.6	EsabIndia	135.00	130.00	57
ArvindMills	95.00	100.00	9.2	3.4	BrookeBond	140.00	150.00	19.7	2.9	Escorts	160.00	175.00	16
ArvindMills	102.50	100.00	59.2	3.4	Burroughs	165.00	142.50	37.2	1.0	EscortsTrac	170.00	170.00	15
AsahiInd	150.00	160.00	•		C.P.Tools	885.00	870.00	35.2•		Eskayef	226.25	221.25	20
AshokLeyFin	110.00	100.00	6.8	2.7	CableCorp	107.00	102.50	11.9	2.6	EssarShip	52.50	58.00	8
AshokLeyland	150.00	125.00	18.0	1.8	Cadbury	188.75	191.25	29.6	1.9	EternitEver	125.00	125.00	12
AsianCables	40.00	48.75	5.9	3.8	Camphor	72.50	75.00	7.1	3.5	Eurotex	62.50	64.00	22
AsianCoffee	32.00	31.50			Caprihans	90.00	92.50	6.1	2.8	Excel	420.00	405.00	19
AsianElect	1425.00	1425.00	5.9	1.4	CarbonCorp	51.25	52.50	8.3	2.9	FGP	59.00	60.00	17
AsianHotel	75.00	77.50	13.9	4.0	Carona	28.00	32.00	31.0•	7.1	FacitAsia	95.00	95.00	11
AsianPaints	266.25	266.25	20.9	1.7	CarrierAir	22.00	18.50	•		FagPrecision	112.00	92.50	7
AsianTractor	28.50	30.00			Castrol	436.25	430.00	20.4	1.0	FerroAlloys	70.00	65.00	
AssamCo	160.00	165.00	15.8	3.4	CeatTyres	112.50	115.00	14.8	2.7	FicomOrganic	172.50	167.50	12
AssamFront	350.00	335.00	16.7	3.0	CemCorpGuj	35.00	45.00			FinolexCable	240.00	235.00	13
AstralDL	125.00	108.75	19.2	1.4	Cemindia	162.50	160.00	27.7	1.9	FinolexPipe	30.50	28.75	7
AtlasCopco	95.00	102.50	27.6•		CenturyEnka	3500.00	3500.00	33.6	1.4	FirstLeasing	37.50	35.00	5
AtlasCycle	195.00	195.00	10.4•	1.0	CenturyText	8800.00	7300.00	28.7		FlaktIndia	85.00	85.00	21
AtmaSteel	45.00	43.75	6.3•	3.3	Chem&Plast	210.00	210.00	15.0	1.4	FlexInd	55.00	57.50	12
AustinEngr	107.50	105.00	8.7•		ChemfabAlk	92.50	92.50	12.8	2.2	Foods&Inns	175.00	195.00	20
AutoCorpGoa	70.00	62.00	27.0•	2.9	CheminorDrug	100.00	87.50	9.5	3.0	ForbesForbes	117.50	122.50	7
Autolite	110.00	125.00	12.1•		Chloride	110.00	110.00	17.9	2.9	Fulford	245.00	265.00	41
BASF	180.00	167.00	20.8	1.1	ChoksiTube	50.00	57.50	16.4	3.6	G.E.Shipping	98.00	104.00	22
BCLForging	34.50	30.00	11.8	5.8	ChowgSteam	106.50	104.00	74.1•		G.K.W.	43.00	42.50	18
BMDFoundry	200.00	190.00	20.0	1.2	Cimmco	100.00	90.00	14.2	1.6	G.P.Electron	77.50	77.50	12
BPLSanyotec	62.50	50.00	39.2•		Cipla	5200.00	5100.00	12.3		G.T.C.Indust	162.50	140.00	11
BajajAuto	770.00	717.50	25.7	1.3	Citurgia	210.00	177.50	21.4	1.7	G.V.Films	29.00	30.00	12
BajajElect	1125.00	1125.00	8.4	2.2	ClassicDiam	56.00	59.00	5.9	3.9	Gabriel	83.75	65.00	13
BajajPlastic	76.25	80.00	6.0	2.6	Coates	150.00	150.00	15.7	1.7	GammonIndia	110.00	135.00	55
BajajTempo	215.00	242.50	12.1	1.2	CochinRefin	800.00	780.00	9.1•	2.6	GardenSilk	65.00	77.50	61
BakeHylam	53.75	53.75	13.2•	3.4	Colgate	361.25	361.25	26.2	1.7	GarwareNylon	40.00	41.00	
Balkrishna	217.50	220.00	10.5		ColourChem	1275.00	1200.00	24.4		GarwarePoly	54.00	58.00	
Ballarpur	315.00	320.00	15.6		ContPumps	95.00	100.00	12.9	2.5	GarwareWall	115.00	113.75	20
BannariAmman	68.75	73.75	7.3	2.9	CoreParental	310.00	310.00	13.9		GarwareShip	32.50	32.50	11
BarodaRayon	840.00	910.00	61.5	1.4	CoromFert	77.00	77.50	10.8	6.0	GeorgeWill	215.00	230.00	18
Batliboi	75.00	77.50	7.5	2.3	CromptGreave	1400.00	1400.00	10.6•	1.3	GermanRem	140.00	135.00	39
Bayer	1150.00	1050.00	22.1	1.9	Cynamid	175.00	170.00	20.0	1.7	GinniFilam	37.00	37.00	
BellCeramic	45.00	46.25	9.7•	2.2	DCMToyota	35.00	35.00	7.5•		Glaxo	182.50	162.50	34
[illegible]	40.00	40.00	8.6	2.5	DCW	110.00	103.75	10.8	2.5	GoaCarbon	160.00	165.00	10
[illegible]	48.00	52.50	16.1	2.7	DalmiaCement	500.00	530.00	12.3•		GodfreyPhil	435.00	460.00	9
BhadraPaper	190.00	175.00	22.6	2.0	DawnMills	750.00	800.00	10.3		Goetze	140.00	137.50	16
[illegible]	13.50	14.00	•		DeccanCement	127.50	125.00	30.9	1.2	GokakPatel	315.00	315.00	15

	Closing price 6.9.91	Fortnight ago 23.8.91	P/E (times)	Yield (%)	Company	Closing price 6.9.91	Fortnight ago 23.8.91	P/E (times)	Yield (%)	Company	Closing price 6.9.91	Fortnight ago 23.8.91	P/E (times)	Yield (%)
St	17.50	18.50			IndianHume	300.00	280.00	•	5.0	MadrasAlum	190.00	225.00	5.3	
ip	57.50	57.50	7.6•		IndianOrg	66.00	66.00	25.6	1.5	MadrasCement	6700.00	6600.00	11.0	
sNero	65.00	63.75	15.4	3.5	IndianRayon	231.00	219.00	39.1	1.3	MaduraCoats	220.00	230.00	32.3	1.6
e	285.00	285.00	22.6	2.3	IndianSeam	171.25	171.25	11.7	1.5	MafatlalFine	670.00	630.00	21.0	2.5
r	75.00	80.00	24.1	3.3	IndianSew	58.75	70.00	15.7	4.3	MafatlalInd	1250.00	1350.00	20.3	2.4
ubber	120.00	122.50	6.8	1.4	IndianShav	90.00	92.50	31.6•		MahSafeGl	40.00	38.75	9.5•	
	326.00	318.75	20.5	1.1	IndoAsahi	345.00	360.00	12.4	1.2	MahScooter	210.00	220.00	11.5	1.2
CNC	37.00	35.00			IndoMatsuhit	87.50	76.25	12.4	2.3	MahavirSpg	180.00	215.00	8.3•	
Cotton	105.00	102.50	10.5•	1.7	IndoNational	210.00	190.00	12.3	1.2	Mahin&Mahin	90.00	93.75	20.5	2.0
INor	72.00	71.25	16.2	3.8	Indogulf	45.00	47.00			MahinNissan	23.00	19.00		
s	171.25	175.00	20.3	1.6	IndoramaSyn	56.00	63.00	15.4	2.7	MahinUgine	50.00	47.50	20.8	3.0
Cem	265.00	265.00	13.6	1.5	Ingersoll	340.00	350.00	36.4	1.0	MalwaCotton	192.50	170.00	9.4•	1.7
Poly	35.00	35.00			InvelTrans	75.00	80.00	72.1•		MandoviPell	82.50	72.50		
ents	39.00	42.50	5.4	5.6	IonExchange	100.00	95.00	16.4•	1.3	MangalamCem	115.00	135.00	20.0	2.1
ej	30.00	35.00			J.B.Chem	150.00	147.50	8.2	2.0	MangaloreChe	22.00	14.75		
yChe	25.25	27.00			J.K.Indust	120.00	133.75	10.1	2.5	MaxIndia	97.50	95.00	19.0	2.0
ada	40.50	44.50	50.3•	2.0	J.K.Synthetic	51.50	52.00	33.1	1.0	McDowell	70.00	70.00	10.8	3.6
d	40.00	39.00	16.1•	1.5	JBF	103.00	101.00	9.1	2.3	McLeodRousse	165.00	165.00	15.2	2.7
syn	40.00	40.00	10.6	5.0	JCT	135.00	165.00	11.7	3.0	Merind	230.00	200.00	29.1	
Fer	242.50	255.00	21.6	1.2	JaiParabolic	33.00	38.75	39.1•		MilesIndia	80.00	85.00	25.0	2.2
	410.00	410.00	33.9	1.9	JaiPrakashIn	53.00	55.00	9.7	2.8	Milkfood	172.50	170.00	20.5	1.7
	197.50	216.25	18.7	3.8	JainIrrigat	160.00	175.00	15.6	1.1	MipcoSeam	50.00	60.00	13.5	2.4
Petro	79.00	95.00	8.6	2.5	JamnaAuto	105.00	105.00	8.8	2.4	ModernSuit	37.50	37.50	17.6•	5.3
	42.50	40.00	12.2•		JayantPaper	60.00	67.50	14.6	3.3	ModiRubber	90.00	95.00	13.2	3.1
	137.50	130.00	13.5	1.9	JaybharatFab	75.00	75.00	•		ModiXerox	92.50	90.00	18.9	2.7
da	132.50	122.50	13.4•		JaybharatMar	41.25	46.25	9.3	3.6	Modipon	78.75	78.75	2.8	5.1
de	102.50	110.00	24.7	1.5	JindalDrill	130.00	130.00	9.9	1.5	MonsantoChem	80.00	80.00	29.6	2.2
y	88.75	86.25	14.1	3.4	JindalIron	190.00	180.00	7.9		Montari	92.00	86.00	14.2	2.0
a	1900.00	1950.00	33.7	1.4	JindalStrips	345.00	335.00	17.9	1.2	MorarjeeGocu	310.00	325.00	12.9	
str	24.00	25.00	43.2•	5.7	KSBPumps	310.00	215.00	37.8		MotorInd	1500.00	1640.00	38.2	
Corp	105.00	103.75	21.4	1.9	KalyaniBrake	88.75	107.50	18.1•		Mukand	160.00	151.25	20.3	1.9
-	97.50	115.00	13.2	3.1	KalyaniSteel	290.00	300.00	29.2•	2.6	MunjalShowa	105.00	97.50	21.0	
tro	100.00	100.00	11.2	2.8	KanoriaInd	48.75	52.50	•		MurudCeramic	56.00	56.00	8.5	2.9
er	153.00	157.50	21.4	2.8	KanthalBimet	72.50	58.75			MysKirlos	45.00	47.50	6.2	4.4
or	45.00	37.00			Kelvinator	132.50	145.00	12.7	1.5	MysPetro	62.50	60.00	7.9	5.1
xpl	32.50	30.00	•		KeralaChem	270.00	280.00	16.7	1.3	MysoreCement	175.00	170.00	33.9	1.0
	4050.00	3950.00	6.6	1.9	Kesoram	172.50	180.00	35.8		NagFinance	13.00	15.00	3.9	15.4
	327.50	336.25	17.7		KhautauJunk	70.00	72.50	5.0	3.6	NagSignode	190.00	120.00	25.8•	
n	115.00	120.00	19.0•		KhodayDist	27.00	27.00	11.2•	4.4	NaharExports	250.00	230.00		
ill	47.50	50.00			KineticEng	180.00	200.00	13.3	1.4	NaharSpg	650.00	600.00	7.7•	
	4150.00	4000.00	59.6		KineticHonda	90.00	94.00	25.6		NalcoChem	250.00	250.00	87.4	
s	155.00	170.00	34.3	1.2	KirlBros	140.00	155.00	14.2	1.6	NatPeroxide	95.00	95.00	3.8	10.5
Dev	420.00	440.00	6.3	5.2	KirlCummins	175.00	191.25	24.3	1.1	NatRadio	540.00	540.00	48.3	
adInd	160.00	160.00	11.5	1.9	KirlOil	86.25	87.50	11.0•	1.9	NatRayon	1125.00	1050.00		
	70.00	72.00	13.8		KirlPnew	43.75	42.50	16.4•	4.1	NathPulp	95.00	81.25	13.8	1.9
	320.00	360.00	4.5	6.9	Kit-Ply	25.00	22.00	9.3•	8.8	Nestle	190.00	200.00	63.2	1.3
	30.00	35.00	9.0		KlockWind	195.00	195.00	20.3•	1.2	NicholasLabs	175.00	215.00	8.4	2.0
	180.00	180.00			KunalEng	105.00	100.00	7.2	2.4	NipponDenro	31.00	27.00	7.3	6.1
	73.75	73.75	25.1		LML	31.00	34.00			Nirlon	28.00	29.00		
	299.00	253.00	25.6	1.8	Lakhanpal	72.50	70.00	13.8•	2.2	Nocil	1510.00	1650.00	15.2	2.6
	110.00	110.00	19.7	1.4	Lakme	310.00	330.00	30.5	1.6	O.E.N.Conn	110.00	105.00	11.2•	
nent	300.00	282.50	15.4		LakshmiMach	4000.00	4100.00	20.0•		OilCountry	22.50	24.00		
s	100.00	100.00	15.3	2.3	LakshmiMill	2000.00	1600.00	12.3	1.2	OnidaSaka	57.50	47.50	39.6•	
ge	73.00	67.50	11.9	2.0	LakshmiSynth	70.50	72.50			OnidaSavak	120.00	102.50	30.7	1.2
col	70.00	75.00	89.9•		LarsenToubro	147.00	157.00	12.1•	1.7	OrientAbras	87.50	85.00	5.5•	
sum	17.00	17.00	•		Lipton	152.50	163.00	41.2	1.4	OrientContan	150.00	165.00	9.0	2.7
to	103.75	100.00	0.00•	1.93	Lorcom	135.00	135.00	11.7	2.2	OrientPaper	175.00	165.00	12.8	1.7
um	202.50	212.50	14.4	1.5	LoyalTexMil	240.00	245.00	16.2•		OrissaCement	300.00	250.00	11.4	
ard	163.75	160.00	13.1•	1.8	LumaxInd	85.00	85.00	11.1•		OrissaSponge	105.00	105.00	25.5•	
e	1150.00	1135.00	14.6	2.2	MRF	640.00	665.00	12.9		Orkay	34.50	39.00	55.2•	
otel	145.00	150.00	23.8	1.7	Madhusudan	85.00	87.50	11.1	2.4	OswalAgro	45.00	45.00	10.4	11.1

Stockmarkets

Company	Closing price 6.9.91	Fortnight ago 23.8.91	P/E (times)	Yield (%)
OtisElev	205.00	210.00	25.4	1.2
OudhSugar	1000.00	1000.00	8.6	2.8
PSIData	28.00	32.00	16.9•	10.7
Padmatex	44.00	48.00	11.5•	
ParasSynth	95.00	95.00	5.6	2.6
ParkeDavis	125.00	117.50	8.8	1.9
PathejaForg	115.00	100.00	18.8	2.4
PearlPoly	40.00	30.00	13.5	5.0
Peico	117.50	127.50	14.2	1.7
PennarSteels	28.75	30.00	6.5	4.2
Pfizer	145.00	131.25	48.7	1.4
PiramalSpinn	155.00	150.00	6.1	1.3
PolarLatex	31.00	32.50		
Polychem	70.00	67.50	16.4	2.6
Polyolefins	1550.00	1650.00	18.6	2.6
Ponds	295.00	302.50	39.0	1.3
PonniSugar	30.00	33.75	8.4	6.0
PrakashInd	45.00	45.00	6.1	5.6
PremAutElec	43.00	46.00	12.5•	3.7
PremAuto	58.50	60.00		3.1
PremCons	200.00	200.00	4.5	10.0
PremTyres	375.00	350.00		
PremVinyl	46.00	50.00	7.4•	
PrestigeFood	73.75	80.00	7.0	2.4
Proc&Gamble	270.00	300.00	53.5	
PunjAlkalies	46.25	50.00	7.7	3.9
PunjAnanLam	46.25	47.50		
PunjConcas	340.00	245.00	35.2•	
PunjNatFert	15.00	17.50	30.4•	
PunjTractors	265.00	265.00	11.8	2.3
Punsumi	29.00	31.00	14.6	5.2
RaasiCement	125.00	105.00		
RajasPetro	78.75	85.00	6.0	2.5
Rallis	115.00	115.00		
RampurDist	84.00	80.00	6.7	2.6
Ranbaxy	280.00	280.00	21.1	
RaneMadras	170.00	170.00	9.9	1.5
RapicutCarb	60.00	60.00	14.7•	5.0
Rasoi	77.50	75.00	35.8	2.6
RathiAlloys	50.00	57.50	6.8	8.0
RaymondSynth	28.00	30.00		
RaymondWool	192.00	207.50	23.1	1.3
ReckColman	247.50	245.00	22.1	1.9
RegCeramic	17.00	17.00	20.0	
ReinzTalbros	100.00	82.50	14.3	2.4
Reliance	175.00	195.00	21.2	1.7
RelianceCap	49.50	53.00	23.3	2.5
ReliancePet	26.00	27.50		6.9
RevathiC.P.	115.00	115.00	12.1	2.2
Rhone-Poulenc	165.00	167.50	29.2	1.1
RicoAuto	132.50	145.00	14.7•	
RocheProd	90.00	90.00		1.3
Rollatainers	240.00	245.00	9.5	1.5
Roplas	52.50	52.50		2.9
Rust&Horn	52.50	51.25	12.9	
S.I.Shipping	2175.00	2000.00	7.2	1.8
S.I.Viscose	1625.00	1550.00	17.8	2.1
SKFBearing	2750.00	2850.00	38.5	
SMDyechem	75.00	77.50	5.2	4.3
[illegible]	71.25	77.50		
[illegible]	62.50	55.00	21.6	

Company	Closing price 6.9.91	Fortnight ago 23.8.91	P/E (times)	Yield (%)
Sandoz	132.00	146.25	18.8•	1.4
SandvikAsia	2080.00	1775.00	23.9	1.4
SanghiPoly	23.00	23.00		
SardaPly	37.00	39.00	4.0•	
SawPipes	102.50	121.25	28.1	
Scindia	14.50	17.00	•	
Searle	195.00	170.00	24.7	1.1
Secals	115.00	115.00	16.6	1.8
SesaGoa	600.00	651.25	56.7	
ShawWallace	160.00	160.00	21.0	2.7
ShreeAcid	38.00	41.00	6.2	4.7
ShreeCement	105.00	105.00	15.1•	
ShreeHonda	37.00	40.00	13.2•	
ShreeRayAlk	33.00	31.00		
ShreeSynth	67.50	75.00	23.4•	
ShreyasPaper	80.00	93.75		5.0
ShriDinesh	900.00	1000.00	29.0•	2.4
Siemens	210.00	210.00	30.9	1.1
Simplex	130.00	125.00	6.8•	
SirpPaper	165.00	155.00	16.3	1.2
Siyaram	57.50	60.00	10.9	3.6
SkolBrew	27.50	22.50	7.6•	5.5
Spartek	47.50	42.50	7.8	4.0
SpecialSteel	190.00	175.00	17.1	1.3
Spic	66.50	70.00	14.4	2.4
StandardBatt	75.00	75.00	22.8	2.1
StandardInd	132.50	125.00	44.0	1.5
SteelStrips	27.00	27.50	10.4	7.4
Steelage	37.50	37.50	11.3	5.3
StenApparel	47.50	48.75		
Sterlite	157.50	165.00	7.7	2.5
StovecInd	360.00	290.00	11.5	
StrawProd	192.50	182.50	13.0	1.8
Su-rajDiam	50.00	53.00	6.5	5.0
Sulzer	155.00	130.00	60.1•	
SundClayton	50.00	55.00	26.6	2.4
SundFasten	127.50	122.50	20.6	2.2
Sunflag	30.00	33.00	•	
SuperSales	155.00	140.00	10.5	1.9
Supreme	350.00	370.00	15.1•	
SuratElec	1400.00	1500.00	45.1	1.3
SuryaAgr	26.00	29.00	11.6	
SwarajEng	115.00	120.00	14.8	2.6
Swil	110.00	112.50	9.7	2.7
Synth&Chem	62.50	68.75	11.1	4.0
TNPetro	60.00	65.00	14.4	2.5
TVSWhirlpool	40.00	42.50		
TataChem	100.00	105.00	16.6	2.5
TataDavy	45.00	45.00		
TataEng	332.50	323.75	24.3	1.2
TataFin	52.00	55.00	16.9	3.9
TataHoney	90.00	87.50		
TataHydro	1450.00	1475.00	28.3	1.4
TataMetals	300.00	290.00	10.4	1.0
TataOilMill	83.75	92.50	14.4	2.4
TataPower	2050.00	2160.00	42.0	1.0
TataRobins	57.50	60.00	35.2	2.8
TataSteel	234.00	250.00	33.6	1.3
TataTea	445.00	440.00	14.7	2.3
TataTelecom	115.00	122.50	19.8	1.3
TataUnisys	260.00	285.00	16.9	1.1

Company	Closing price 6.9.91	Fortnight ago 23.8.91
TataYodogawa	92.50	105.00
TeaEstates	185.00	200.00
ThomasCook	245.00	250.00
Tinplate	52.50	46.25
TitanWatches	85.00	87.50
TitanorComp	150.00	155.00
Transpek	310.00	210.00
TristarSoya	110.00	130.00
TriveniEng	205.00	160.00
TwentiethCen	30.00	28.00
UBPetro	29.00	32.00
UcalFuel	67.50	65.00
Ultramarine	165.00	170.00
UnichemLab	160.00	165.00
UnitCarbon	2000.00	1650.00
UnitPhosp	357.50	245.00
Unitech	37.50	38.00
UshaMartin	62.50	65.00
VIPIndus	72.00	75.00
VST	145.00	140.00
VamOrg	212.50	225.00
VanavilDyes	71.25	72.50
VarunShip	35.00	33.75
VickersSys	105.00	110.00
VideoconApp	121.25	130.00
VideoconInt	345.00	330.00
VideoconVCR	75.00	80.00
VikrantTyres	51.25	60.00
VinayakaSyn	30.00	30.00
VindhyaTele	98.75	82.50
VisakaInd	52.50	48.75
Voltas	135.00	140.00
Walchandnagar	55.00	36.25
WarrenTea	197.50	205.00
Wartsila	127.50	132.50
WellmanInc	60.00	52.50
Wendt	50.00	50.00
WestCoast	500.00	575.00
WestMinistil	52.50	55.00
WillardInd	75.00	80.00
Wimco	37.50	42.00
Wipro	315.00	300.00
WyethLab	107.50	90.00
XLOGWBCAR	50.00	48.75
YokoKeonics	92.50	95.00
ZFSteering	45.00	51.25
Zenith	35.00	37.00
Zuari	90.00	90.00

P.E. Market Price Earning per share
Yield Dividend as a percentage of market price
• Based on unaudited results. Previous figures for companies pertains to the previous financial

ven fall in line

market surges to 1,800, complementing the budget proposals, contestants of IC350 have hit the target. Congratulations Amit al, Nilesh Kotecha, P.T. Ushabai, Sathe Mukund Manohar, Rajamohan, Shanthi Kalyaan and Vijaya Kumar Raju.

n below is a new list of six scrips, d their closing prices on 6 ber 1991. Pick the share that you ill rise the most in percentage y 7 October 1991 and rank it one. Then choose the one that ect will rise the second most and number two. Then number three, on till rank six. It's as simple as

his Investor Contest, you don't predict the price of shares; you have to rank the performance (in age terms) on the basis of the ou expect each to reach on 7 1991. You don't have to tell us es nor even the percentage you expect — only fill in the om one to six.

Please note that if you assign the same rank to two scrips, then the following one should be ranked the next consecutive number. For example, if you rank two shares at number three, the next will be number four (in which case, of course, your last rank will be five).

	Prices as on Friday 26 July 1991 (Rs.)	Prices as on Friday 26 August 1991 (Rs.)	Ranks
Gujarat Ambuja	217.00	265.00	1
ITC	241.00	257.50	3
SPIC	74.00	70.50	6
Castrol	418.75	428.75	4
Punjab Tractors	255.00	277.50	2
Polar Latex	32.00	32.50	5

; no entry fee.
ce mentioned last in the official quotation taken as correct for the purposes of calcula- ne stock exchange remains closed on the day, the closing price on the prior day will

must be on the printed form given below. entries will be disqualified.
one entry will be permitted per form. oes sent in should be marked Investor Con- ntries should be sent to: Investor Contest, India, Wadia Building, 17/19 Dalal Street, Bombay 400 001, by 5 pm, 19 September, 1991.

6. Business India's decision on the winning entries is final and binding, and no correspondence in this regard will be entertained.

7. The contest is open only to residents of India. No employee (or any direct relation of an employee) of the **Business India group of publications** is entitled to enter the contest.

8. The prize of Rs.5,000 will not be carried forward if there is no winner. In the event that there is more than one winner, the prize will be shared equally.

Tscrip	Prices as on Friday 6 Sept 1991 (Rs.)	Rank as on Monday 7 Oct, 1991 (please fill in number)
nna	135.00	
Textiles	8,800.00	
	420.00	
	299.00	
na Signode	190.00	
dnagar	55.00	

Age: _____

Date: _____

n: _____

IC353

1992

HRH THE DUKE OF EDINBURGH'S SEVENTH COMMONWEALTH STUDY CONFERENCE, 1992.

On International Issues: Individual Initiatives At Oxford University, England 10th to 25th July 1992

Bombay Chamber invites applications from business, industry, trade unions, civic administrations and social organisations for participation in the above conference. A limited number of seats have been assigned to India. Applicant would be between the age limit of 25 to 45 years and would have acquired experience and shown qualities of leadership in their respective areas of activities. The participants will take part in the conference in their personal capacity and not as delegates or representatives of their organisation, except that the employers must sponsor the application and be prepared to meet the travel expenses which are involved.

Application forms are available from
Bombay Chamber of Commerce and Industry
Mackinnon Mackenzie Building
4, Shoorji Vallabhdas marg
Ballard Estate, Bombay 400 038
Tel: 261 4681. Telex: 011-73571

BOMBAY CHAMBER

Excellent journalese, but....

WAITING FOR ALLAH: Pakistan's struggle for democracy
By Christina Lamb
Viking, 1991, pp 300, Rs.250

Christina Lamb has been in the news lately, with the focus on the BCCI scam, and her exclusive scoop interview with Agahasan Abedi for the *Financial Times*. A highly competent young journalist who spent a lot of time trying to understand the Pakistani political establishment, her book on the rise and fall of Benazir Bhutto titled, "Waiting for Allah, Pakistan's struggle for Democracy," is very informative.

The book is yet another example of excellent journalese, a book with sufficient background about a country, covering its history, but at the same time telling you a good story. In a sense, Lamb's plot could not be bettered. It's the story of the accession to power of a young attractive lady — educated abroad, glamorous and recently married after the bloody death of her father's executioner; of a country steeped in poverty and fundamentalism, which, for most part of its existence, have been ruled by the army. This is the setting to what Lamb at one stage describes as "Alice in Blunderland".

No illusions. Although Lamb had become a friend and confidant of Bhutto, it is quite apparent that she has no illusions about her friend's competence as a political leader. There are some delightful vignettes which bring home the extraordinary level of imcompetence with which Bhutto handled her political cards — on one occasion she asked a guest what he did, to be told that "I'm your minister for minorities"; on another, a gentleman by the name of Navid Malik was appointed as an advisor for tourism, but another Navid Malik got sworn in. When discovered later and removed, the said Malik began to hold press conferences at which he claimed that he had been removed because he "had uncovered scandals about Asif Zardari".

Lamb also makes it clear that Bhutto threw away a fabulous opportunity to transform Pakistan. At the time of her accession to power, the army, having lost 16 generals in the air crash, was in no position to oppose Bhutto. There was a consensus on several reforms such as educational reform and removing some of the appalling legislation on women including the dreaded *Hudood* which imprisons women for having been raped. Also, the tension along both Afghanistan and Indian borders had been reduced, which would have had the salutory effect of reducing the power of the army and the dreaded ISI, the intelligence service headed by General Gul.

In respect of Afghanistan, it is evident that there was a powerful clique within ISI, which was not keen on the war coming to an end, despite the fact that the US and the USSR were moving closer. And it was only Pakistan under a civilian administration that stood in the way.

Again, because of her lack of leadership qualities and authority, she was unable to say, "enough is enough". But her vacillation did not save her from being accused of betrayal of the Afghan cause by the army. This conflict served to strengthen the anti-Bhutto ISI, and more importantly led to the pile up of sophisticated arms in Pakistan on a massive scale adding to the strength of the drug barons. It also resulted in a major refugee problem for Pakistan with over 3.8 million refugees, causing a considerable drain on Pak resources.

Snappy titles. The book has, a journalist, very snappy titles a ings such as Dial a Kala Prophets and Losses, Resistan Ltd, etc. The refreshing featu writing is the degree of travellin servation made by the author sense, the identification with th tion, something her friend Ben gularly failed to do.

One short passage brings ou thor's main concerns and it is producing: "12,000 will be dead year. More of them will use a gun than speak tional language. Mediev of cock-fighting and baiting will provide mor entertainment than te and they will have no th concert halls to visit. O third will have access drinking water and onl cent will have sewerage. ter will go to school. M become heroin addicts."

But the book lacks any in-depth reading of hist author is heavily reliant Akbar's discussion of Indian history in "India, Within" — very bad news indeed over, there are a lot of passage book which read like travelogue appear strange and oriental to thor and she yearns for things ex they are invariably what we all granted. Still, as an analysis of and where she went wrong, the b great asset. Yet one hesitates comes to her comments on the — it is all right dwelling on the i ities, the backwardness and the ities, but perhaps what does no across well enough is the extent t Pakistan has been dependent on aid and support. To a degree, governments, particularly the U bear responsibility for sustain Pakistani political and military el perhaps, she did right to leav issues untouched. This would raised too many awkward questi

■ JA

The book lacks any serious in-depth reading of history... there are a lot of passages which read like travelogue. Still, as an analysis of Bhutto and where she went wrong, the book is a great asset



sted potential



THE THIRD PARENT: Growth and development of Indian electronics media
By P.S. Deodhar
Vikas, 1991
Distributed by UBS
pp.120, Rs.150

ok is an effort to trace the growth velopment of the electronics me- ndia, particularly TV, and its po- as a powerful tool for change and on. The author's original inten- s to project TV's hold over young — youth and kids only. The hy- s is that a child's character, reper- knowledge and intelligence are d not only by parents and s, but also by televideo — hence , *The Third Parent.*

author, who was chairman of and adviser to the PM on elec- and informatics, expresses the that large sums have been bank- or TV expansion without any for the software.

darshan, according to him, em- financial and administrative de- ore than programme relevance, and quality. The handling of overage" is probably among the imaginative in the world. When s and dish antennas enable ac- ome real slick news presentation truly high voltage entertain- comparisons become inevitable. ance, when CNN covered the late andhi's funeral, a professor of eligions was simultaneously ex- the significance of every step of eligious rites.

ook is a painstaking study of op- r the electronic media, not only s DD, but satellite communica- ble and video too, as well as ayment, subscribed TV pro- s. Deodhar talks with mission- l of how some 600,000 schools overed through more channels, ucational programmes in the llar.

electronics has enhanced and en- "democratised entertainment". ore profound is TV's reach over young, growing minds. American studies have proved that between 1960 and 1980, TV has moved from 8th to 3rd place out of 10 in influencing teenagers.

The chapter on code of conduct and ethical standards emphasises the need for regulating not "who says what, to whom" but in "how they say it". Once the ground rules and value systems are internalised by all concerned, programmes can be left to creative people who can immensely improve them.

■ PADMA RAMNATH

Loose collection



INDIAN ETHOS IN MANAGEMENT
Edited by
P.K.Ghosh
Somaiya Institute of Management Studies & Research,
Bombay, 1990
pp.173, Rs.150

This book is a collection of articles seeking to spell out the concept and practice of integral management drawing inspiration from Indian values. An attempt is made to evolve a system of management based on Indian culture and ethos. The foreword cautions readers that the book is exploratory and experimental and does not offer a sharply defined viewpoint. It is divided into two parts — the first is a compilation of articles meant for a course on Indian ethos for post graduate management students at Somaiya Institute of Management Studies and Research, Bombay; the second part serves as reference material.

In their attempt to evolve such a management philosophy, the authors have discussed various Indian thoughts in the context of the teachings and preachings of epics, *puranas, Smritis, upanishads* and other scriptures. However, all these remain as just philosophical thoughts and fails to distinguish the uniqueness of Indian ethos. This could be because the authors, mainly acadamicians and saints, have no managerial experience.

Although the publishers have indicated that the purpose is to stimulate lively discussions, even raise controversies and ultimately search for the means to resolve them, the book is not intellectually stimulating or thought-provoking.

Seen in this light, it is disappointing and appears as a loose collection. Thus the objectives and principles of integral management at the end remain mere lofty ideals sans a direction to translate these ideals into management practices and systems.

■ K.N.PILLAI

Sound in theory



APPROPRIATE REMUNERATION IN DEVELOPING COUNTRIES: Three-dimensional models for executives and workers
By Ramamurthy Kuppachi
Sage, New Delhi, 1990
pp.262, Rs.195

In any country, cultural patterns, values, traditions, region-cum-industry practices, capacity to pay and the might of collective bargaining have always influenced the remuneration structure.

A structure of remuneration based on objectives and goals of an organisation must be flexible and simple enough to absorb improvements and future needs. The best way will be through developed commitments translated into an effective remuneration system for progress, motivation and reward.

In the Indian context, specifically, the three-dimensional approach combining the purpose of the enterprise and the efforts of the manager and the worker resulting in compiling comprehensive job descriptions and thus designing a broad spectrum remuneration structure, has become traditional and inoperative. While executive remuneration by and large, seeks to be influenced by current market rates and one's need for a job, the workers' pay packets depend upon union-management relationship or their war of nerves and/or spirit and power of collective bargaining. However, Kuppachi succeeds in providing sound theoretical basis for compiling job evaluations and job descriptions.

■ ARUN SEKHRI

Senior executive positions

A compilation of executive jobs advertised in **Business India** other major publications between 26 August and 8 Septembe

THE FOUR BEST JOBS

- VICE-PRESIDENT (Operation) * Calcutta * *Sal* Rs.15,000 – flat – car with driver – perks * *Age/Qlfn* 42-48 years * Graduate in mechanical/electrical engineering * *Reqd* Senior level experience in electro-mechanical industry * *Cont* VPO/BPA/3088, ABC Consultants, 43/3, Hazra Road, Calcutta 700019 (ToI-2.9)
- CHIEF EXECUTIVE * Calcutta * *Sal* Attractive terms * *Age/Qlfn* 40-45 years * NS * *Reqd* Must have thorough knowledge of export markets and formalities with at least 10 years senior level experience in general management in a reputed company * *Cont* Box No.AA/352/LP/2, Business India, Krishna Villa, 100 Park Street, Calcutta 700017 (BI-15.9)
- MANAGING DIRECTOR * Bombay * *Sal* Att compensation * *Age/Qlfn* 45-52 years * Techno-com background * *Reqd* 5-7 years top management exper least three years at chief executive/managing director a reputed organisation * *Cont* D.S. Parnerkar, C Business Consultants (Executive Search Specialists) Cadell Road, Mahim, Bombay 400016 (BI 15.9)
- VICE-PRESIDENT * Bombay & Calcutta * *Sal* Rs gross – perks * *Age/Qlfn* 38-45 years * Preferably post ate from IIFT/IIM * *Reqd* 10 years experience in r trading house * *Cont* VPIT/BPA/3091, B.P. Ag Chairman, ABC Consultants Pvt Ltd, 43/3 Hazra Calcutta 700019 (ToI-26.8)

NATIONAL

- GENERAL MANAGER (R&D) * NS * *Sal* Attractive * *Age/Qlfn* 45 years * Preferably Ph.D. in physical chemistry/ chemical engineering * *Reqd* 7 years experience in polymers industry * *Cont* Box S952-S, ToI, D.N. Road, Bombay 400001 (ToI-2.9)
- GENERAL MANAGER (Exports) * NS * *Sal* Excellent * *Age/Qlfn* 35-40 years * NS * *Reqd* 5-7 years in similar position handling bulk drugs * *Cont* J440K, ToI, Bombay 400001 (ToI-28.8)

WEST

- REGIONAL MANAGER * Bombay * *Sal* Commensurate with ability * *Age/Qlfn* NS * Diploma/degree in electrical engineering and/or MBA * *Reqd* 7-10 years in marketing cables *. *Cont* General Manager (HRD), Torrent Cables Ltd, Torrent House, NR, Dinesh Hall Ashram Road, Ahmedabad 380009 (ToI-28.8)
- MANAGER-HRD * Gujarat * *Sal* No constraint * *Age/Qlfn* NS * Graduate * *Reqd* Experience in operational and corporate * *Cont* General Manager-Corporate Development, Gujarat Machinery Manufacturers Ltd, Churchgate House, 32/34 Veer Nariman Road, Bombay 400001 (ToI-31.8)
- GENERAL MANAGER * Baroda * *Sal* Attractive * *Age/Qlfn* Over 35 years * Engineering graduate with post graduate in business management * *Reqd* 5 years in senior management/administration position * *Cont* Box J 497-K, ToI, Bombay 400001 (ToI-2.9)
- GENERAL MANAGER (Co-ordination) * Bombay * *Sal* Attractive, no constraint * *Age/Qlfn* 45-50 years * Post graduate * *Reqd* Experience in import/export * *Cont* General Manager (Personnel), Hero Cycles Ltd, Hero Nagar, G.T. Road, Ludhiana 141 003 (ToI-26.8)
- GENERAL MANAGER (Marketing) * Ahmedabad * *Sal* Rs.1.8 lakh + house + car * *Age/Qlfn* 35-40 years * MBA * *Reqd* 10 years marketing experience * *Cont* LBS/343, Personnel Search Services, 71-A Mittal Chambers, Nariman Point, Bombay 400021 (ToI-26.8)
- VICE-PRESIDENT (Finance) * Bombay * *Sal* Best in industry * *Age/Qlfn* NS * CA and Company Secretary * *Reqd* Experience in issue management, MIS, tax planning etc. * *Cont* 040-50, The Vice-President (HRD & Administration), ATCO Industries Ltd, 6A L. Industrial Estate, 14 G.D. Ar Road, Wadala, Bombay 400031 (ToI-26.8)
- GENERAL MANAGER (Export) * Bombay * *Sa* industry * *Age/Qlfn* 40 years * Graduates, preferably in IIFT * *Reqd* 15 years experience in bulk drugs, inc in senior position * *Cont* Vice-President (Personne min.), Chemox Chemical Industries Ltd, Pooran Ash ing, 317 Narsi Nathan Street, Bombay 400009 (T

NORTH

- GENERAL MANAGER-CORPORATE (Group tions) * Bhopal * *Sal* Attractive + perks * *Age/Ql* years * ACA/ACS/CFA/MBA * *Reqd* 7-10 years ex in the corporate office of a large company * *Cont* Pl Division, Fairgrowth Financial Services Ltd, Fai House, 22/11 Vittal Mallya Road, Bangalore (ToI-4.9)
- VICE-PRESIDENT (Personnel & Admin) * Alwar * tractive, no bar * *Age/Qlfn* NS * Pref degree in law * years experience dealing with labour * *Cont* Executiv tor, Modern Suitings Ltd, Post Box 32, Alwar 301 0 jasthan (ToI-26.8)

EAST

- GENERAL MANAGER (Diversification) * Calcut Rs.15,000 + flat + car with driver + perks * *Age/Ql* years * Mechanical/electrical/electronics engineer wit * *Reqd* Should be a self starter with good macroview o engineering industry * *Cont* GMD/BPA/3089 Agrawal, Chairman, ABC Consultants Pvt Ltd, 43/3 H Road, Calcutta 700019 (H-5.9)

OVERSEAS

- GENERAL MANAGERS — Foreign offices * Londo York/Tehran/Dar-es-Salaam * Salary + perks + allo *Age/Qlfn* NS * NS * *Reqd* 12-15 years in internation ness. Previous experience of foreign postings with Indi panies * *Cont* Resources Management Associates, G Meghdoot, 94 Nehru Place, New Delhi 110019 (

ecutive positions

ToI — Times of India; *IE* — Indian Express; *H* — The Hindu;
S — Statesman; *HT* — Hindustan Times; *ET* — Economic Times;
Econ — Economist; *BI* — Business India

NAL

NAGER (Automation Audit) * Bombay * *Sal* Attractive
ge/Qlfn 30-35 years * Graduates with degree/diploma in
puter application. CA/MBA preferable * *Reqd* 5 years in
ems design * *Cont* Senior General Manager (Corporate
D), Peico Electronics & Electricals, Shivsagar Estate, Dr
Road, Worli, Bombay 400018 (ToI-2.9)

RKS MANAGER (Petrochemical) * South India * *Sal*
Age/Qlfn 40-50 years * Engineer * *Reqd* At least 10 years
rience as senior executive * *Cont* Post Box No.1861,
ras 600001 (H-3.9)

DUCTION MANAGER * Tamil Nadu * *Sal* NS * *Age/*
NS * Mechanical engineer * *Reqd* A minimum of 10
s experience in a machine shop. Knowledge of computers
dvantage * *Cont* The Personnel Executive, Texmo Indus-
, Mettupalayam Road, Coimbatore 641029 (H-3.9)

EA SALES MANAGERS * Bombay & Madras * *Sal* At-
ive * *Age/Qlfn* 25-30 years * Science/pharmaceutical
uates preferably with qualification in management *
d 2-3 years as frontline managers in reputed pharmaceuti-
ompanies * *Cont* Namrita Diwan, Manager, Manage-
Development, Dalmia Industries Ltd, 8th Floor, Gopala
er, 25 Rajindera Place, New Delhi 110008 (ToI-4.9)

ALITY ASSURANCE IN-CHARGE * NS * *Sal* Attrac-
+ benefits * *Age/Qlfn* Below 35 years * Degree/diploma
echanical/production engineering * *Reqd* 6-10 years in
nine tool/engineering organisation * *Cont* LTM/173,
ager-Personnel, L&T, McNeil Ltd, Mount Poonamallee
d, Post Bag 977, Madras 600089 (ToI-7.9)

OUP PRODUCT MANAGER * Bombay * *Sal* Attrac-
+ perks * *Age/Qlfn* 25-28 years * Pharmacy/science grad-
and MBA * *Reqd* 2-4 years in sales/marketing * *Cont*
M, General Manager (Selection & Recruitment), Johnson
hnson Ltd, 30 Forjett Street, Bombay 400036 (ToI-28.8)

NAGER (Accounts) * NS * *Sal* No constraint * *Age/Qlfn*
CAs * *Reqd* 5-10 years relevant experience * *Cont* Ship-
Credit & Investment Co, Nirlon House, 254-B Dr Annie
nt Road, Bombay 400025 (ToI -31.8)

RKETING MANAGER (Cement) * Madras * *Sal* NS *
Qlfn NS * Graduates * *Reqd* About 10 years experience
lling cement, building material or similar consumer prod-
* *Cont* Corporate Manager (HRD), The KCP Ltd,
akrishna Buildings, 2 Victoria Crescent Road, Madras
15 (H-31.8)

A MANAGER * NS * *Sal* Comparable to the best *
Qlfn NS * Graduate engineers * *Reqd* 15 years construc-
experience * *Cont* Petron Engineering Construction Ltd,
tik Chambers, Sion Trombay, Chembur, Bombay
71 (ToI-4.9)

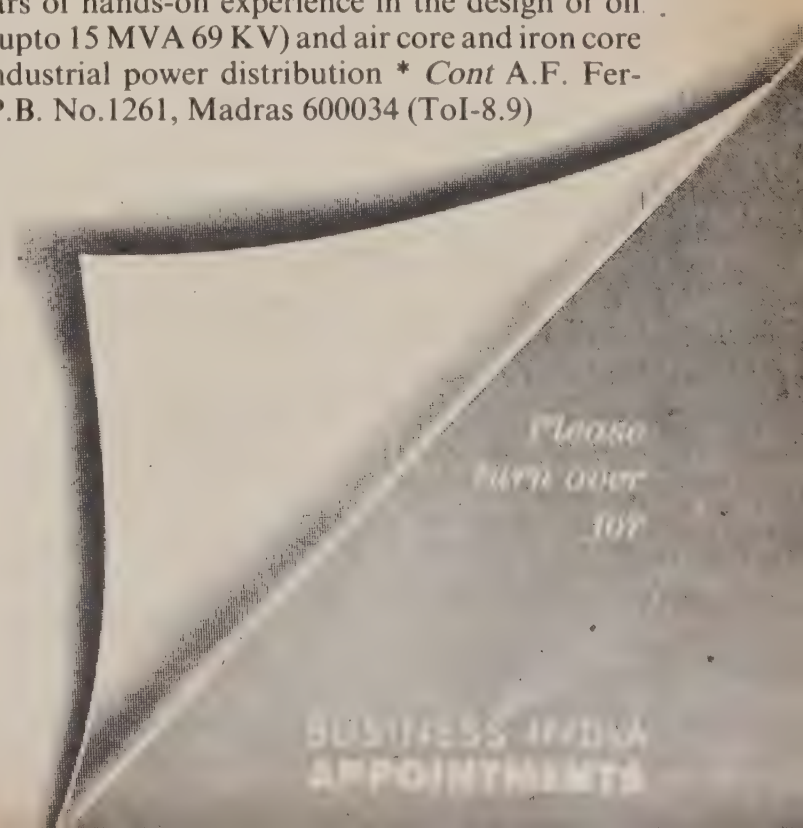
JECT MANAGER (Formulation) * Khopali * *Sal*
d on qualifications and experience * *Age/Qlfn* NS * Post
uate in science/pharmaceutical/chemical engineering *
d 10 years in pharma plants * *Cont* General Manager
n), Kopran Ltd, Mehra Industrial Estate, Saki Naka,
bay 400072 (ToI-4.9)

NAGER (Applications) * Bombay * *Sal* Attractive *
Qlfn 35 years * Degree preferable in management/
company secretary * *Reqd* 8-10 years in systems including 3-4 years as systems analyst * *Cont* CKM/B 183, Datamatics Staffing Services, Post Box 106, GPO, Bombay 400 001 (ToI-4.9)

- MANAGER (Merchant Banking Services) * Pune * *Sal* No constraint * *Age/Qlfn* 28-35 years * MBA/CA * *Reqd* 3 years in financial field * *Cont* Vice-President (Corporate Services), J.M. Financial & Investment Consultancy Services Ltd, 141 Maker Chambers III, Nariman Point Bombay 400021 (ToI-26.8)

OVERSEAS

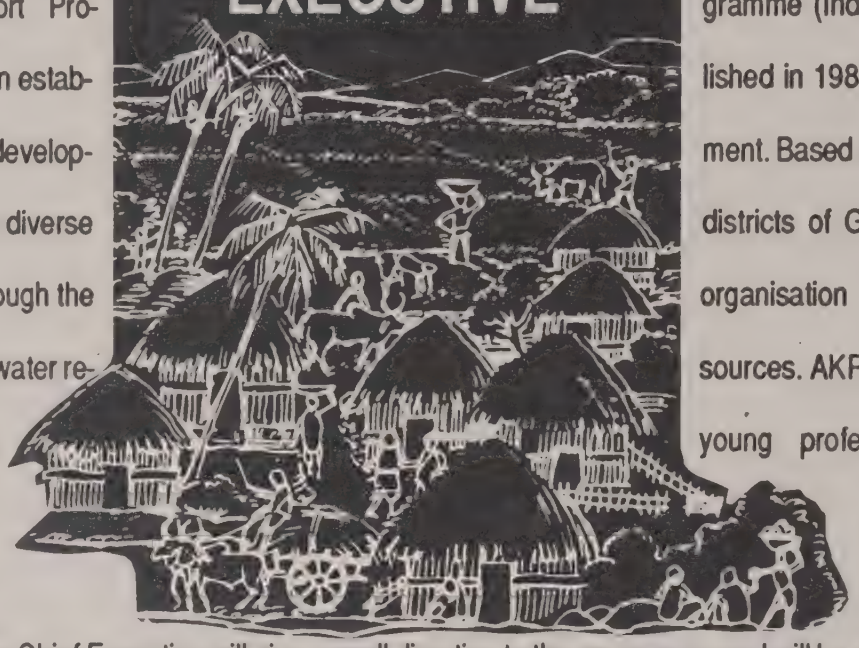
- PROJECT MANAGER * Malaysia * *Sal* Attractive + perks * *Age/Qlfn* NS * MBA + Computer Science * *Reqd* 10 years experience in managing large projects, preferably banking systems * *Cont* Akshay Business Services Pvt Ltd, Kaitash, 156, Waterfield Road, Bandra (W), Bombay 400050 (ToI-8.9)
- MANAGER (Finance and Administration) * Bahrain * *Sal* Rs.35000 + perks * *Age/Qlfn* NS * CA or MBA (Finance) * *Reqd* 5-10 years of senior managerial experience in the finance function * *Cont* Sharp & Tannon Associates, 87 Nariman Bhavan, Nariman Point, Bombay 400021 (ToI-8.9)
- MARKETING MANAGER * Spain * *Sal* Rs.3 lakh pa. * *Age/Qlfn* 30-35 years * MBA * *Reqd* Senior level sales and marketing experience in a reputed consumer/electronics/computer/white goods or office appliance company * *Cont* CMM/DKT/1209, D.K. Tandon, General Manager, ABC Consultants Pvt Ltd, 303 Embassy Centre, Nariman Point, Bombay 400021 (HT-28.8)
- MANAGER (Planning) * Bangkok * *Sal* NS * *Age/Qlfn* NS * Graduate civil engineer * *Reqd* 10-15 years experience in overseas construction and intimate knowledge of the latest technology * *Cont* The Executive Director (Corporate), 115 Arsal Bhavan, 16 Kasturba Gandhi Marg, New Delhi 110001 (H-31.8)
- SENIOR DESIGN ENGINEER * USA * *Sal* Attractive compensation * NS * *Age/Qlfn* Graduate engineer (Electrical) * *Reqd* 10 years of hands-on experience in the design of oil transformers (upto 15 MVA 69 KV) and air core and iron core reactors for industrial power distribution * *Cont* A.F. Ferguson & Co, P.B. No.1261, Madras 600034 (ToI-8.9)



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(INDIA)

IS LOOKING FOR A CHIEF EXECUTIVE



The Aga Khan Support Programme (India) is a non-communal and non-profit organisation established in 1983 to promote participative approaches to rural development. Based in Ahmedabad, the programme is active in three diverse districts of Gujarat, working to improve rural livelihoods through the organisation of people and better management of land and water resources. AKRSP (I) has a staff of 80 people, including 50 young professionals, an annual budget of about Rs.3.5 crores and significant potential for further growth. Reporting to the Board of Directors, the Chief Executive will give overall direction to the programme and will be responsible for its management, including programmes, staffing and budgets. He/she will succeed Shri Anil Shah, the retiring Chief Executive who has successfully led the programme since its inception. The Chief Executive must have a professional qualification, preferably in the agricultural or social sciences or management and extensive experience at senior levels in managing rural development. He/she must be able to deal effectively with senior officials in government, donor agencies and other NGOs in India and abroad. As head of an innovative programme with scope for experimentation, the Chief Executive must be committed to rural development, able to lead and inspire programme staff creatively in policy development, planning and implementation and prepared to monitor and evaluate programme performance professionally. Salary and a range of benefits will be attractive and fully commensurate with qualifications and experience. Knowledge of Gujarati and an ability to speak and willingness to learn Gujarati would be a distinct advantage.

Applications or nominations shouid be addressed to Mr. Nasser Munjee, Chairman of the Personnel Committee of AKRSP (I) at: Housing Development Finance Corporation, Ramon House, 169, Backbay Reclamation, Bombay 400 020.

PROJECT HEAD
CHIEF EXECUTIVES DESIGNATE

NEW DELHI **TERMS NEGOTIABLE**

We are a large multi-unit, multi-product group of companies with interests in CONSUMER ELECTRONICS, HOME APPLIANCES, ELECTRONIC COMPONENTS, TRADING, EXPORTS, FINANCIAL SERVICES etc., backed by technological support from world leaders in various product lines. Our manufacturing units are equipped with the most modern and advanced facilities supported by nearly 50 sales offices and depots throughout the country, handling more than 1500 dealers. Our team of nearly 3000 personnel comprises large numbers of professionals in various disciplines including engineering, management, finance etc.

We have turned in excellent working results in all our activities over the past 7 years and have consistently commanded a major share of the national market in our product segments. We are now poised for a major expansion and diversification in our activities with fresh investments of around Rs. 100 crores in the coming 12 months. These are proposed to be financed through our considerable internal resources as well as public issues and institutional borrowings. Our current group turn over of around Rs. 400 crores is expected to double at the end of 3 years.

As part of our growth plans we propose setting up an integrated plant for manufacture of magnetic tapes for use in Video and Audio cassettes, Computer peripherals and other applications. This is proposed to be set up near Delhi in technical collaboration with the world leader in this field at a total cost of around Rs. 70 crores. Necessary clearances have already been obtained from Government and agreements in principle arrived at with collaborators. The project is expected to go on stream within 12 months.

The incumbent shall be expected to head the project team and guide it through to commissioning of the plant within the budgeted time and cost frames. He shall initially be responsible for all aspects of the project including government clearance where required, commercial dealings with collaborators and suppliers, construction, erection and commissioning of the plant. He shall also be responsible for planning the unit's recruitment and staffing, administrative infra structure and other related aspects necessary in setting up a new project.

Upon successful commissioning of the plant he shall take over the unit as its Chief Executive and shall then be responsible for its over all profitability and growth and he shall be supported by strong team of professionals in all functions and activities and shall report to the head of the company.

Chemical Engineers with around 20 years of experience of which atleast 5 years in general management positions in organisations of repute would be suitable. First hand experience in setting up new projects would be desirable. Strong techno-commercial skills and man management capabilities would be decisive factors in selection. Preferred Age Group – around 40 years.

Please apply within 10 days with full biographical details and record of achievements alongwith a recent passport size photograph to : **Box No. AA/353/LO/1, Business India, 59, Regal Building, Connaught Circus, New Delhi-110 001.**

VICE-PRESIDENT

Real Estate Development & Promotion

New Delhi

Our Client Company, part of a well-known Business House is involved in planning and development of a large, very exclusive and sophisticated Real Estate Project. The mission is: to make it absolutely the best in India, nothing less.

We are looking for an exceptionally talented and resourceful, top ranking Vice-President with previous experience in a similar position with Builders, Promoters, Developers, who can shoulder independent responsibility and deliver results to meet challenging standards of performance and innovativeness. He should be able to effectively follow-up with Government bodies or agencies. He should be able to progress all matters with the Government at various levels as well as to effectively communicate the Company's point of view to the Government.

The incumbent should have sufficient exposure to all legal matters connected with Real Estate/Land, especially relating to the drafting of Collaboration Agreements, Contracts, Land Related Litigation, Income-tax, Company Law and briefing Advocates. Experience in and exposure to Architecture, Town Planning, dealing with Banks, Civil Engineering and Real Estate Marketing would be added qualifications.

An aptitude for challenge, achieving results against all odds, excellent communication skills, negotiating ability, willingness to interact at different levels, and handling of multiple objectives, are essential attributes. He should have a proven track-record of achievement, high level of commitment, integrity, energy, and adaptability. Accountability, maturity and dedication to objectives would be automatic requirements. The remuneration package will be comparable to the best in the industry.

Those working only with contractors need not apply — we are specifically looking for people with all-round diversified Real Estate Project experience.

Apply in strict confidence to:-

M/s **Sethi & Mehra**
Chartered Accountants
80, Daryaganj
New Delhi-110 002

All applications & envelopes should be marked **"Ref. Vice-President"**.

ABC's major specialisations include Corporate Consultancy

EXECUTIVE DIRECTOR—MARKETING

NEW DELHI **EXCELLENT SALARY & PERKS**

Our clients are a professionally managed, multi-product, multi-location leading group engaged in **manufacture** and **marketing** of **consumer durables/light engineering products** with a turnover of over 100 crores. The group considers its **marketing & sales/service support** to be the **primemover for its success** and has an impressive record in terms of sales growth and profitability.

The incumbent, functioning as **Profit Centre Head,** will directly report to the Managing Director and will be responsible for evolving market & sales/service plans, developing new marketing strategies, launching & maintaining the leadership and increasing the market share on an ongoing basis. He will also be responsible for providing leadership and direction to the functional heads and managing the external & internal environments. He will be an **important member** of the **top management team** of the group. This key position will suit only a high profile, self starter with good **macroview** of **Indian consumer durables scene** who is willing to commit himself to sustained hard work for excelling challenging targets.

We are looking for a creative, **hard-core marketing specialist** with a **solid reputation** in **man-management** and an unflogging zeal for achievements. The desired profile is an **engineering graduate with MBA, between 40-45** years of age and having not less than 10 years experience as **all India marketing head** dealing in consumer durables.

The compensation package will not be a limiting factor for the right candidate. Please write in strict confidence within 10 days to **Col. V.P. Gulati, Sr. Associate** with detailed biodata, passport size photograph, contact telephone numbers and mark the envelope & enclosures with job title & code. EDM/DEL/1227. All correspondence must be made through courier mail/speed post.

ABC CONSULTANTS PRIVATE LIMITED
209 Meghdoot, 94 Nehru Place, New Delhi-110 019.

SWOT Analysis • Organisational Restructuring • MIS • Salary Survey

Manpower Audit & Planning • Managerial Appraisal

GENERAL MANAGER/DY. GENERAL MANAGER – FINANCE & ACCOUNT

New Delhi/Noida **Terms Negotiab**

We are a large multi-unit, multi-product group of companies with interests in CONSUMER ELECTRONICS, HOME APPLIANCES, ELECTRONIC COMPONENTS, TRADING, EXPORTS, FINANCIAL SERVICES etc., backed by technological support from world leaders in various product lines. Our manufacturing units are equipped with the most modern and advanced facilities supported by nearly 50 sales offices and depots throughout the country, handling more than 1500 dealers. Our team of nearly 3000 personnel comprises large numbers of professionals in various disciplines including engineering, management, finance etc.

We have turned in excellent working results in all our activities over the past 7 years and have consistently commanded a major share of the national market in our product segments. We are now poised for a major expansion and diversification in our activities with fresh investments of around Rs. 100 crores in the coming 12 months. These are proposed to be financed through our considerable internal resources as well as public issues and institutional borrowings. Our current group turn over of around Rs. 400 crores is expected to double at the end of 3 years.

In view of our considerable growth plans, we are now looking for outstanding FINANCE personnel to head the total finance and accounts functions in our publi limited companies. The incumbents shall be expected to establish proper systems and controls in these areas based upon the modern management principles and practices. They shall be expected to deal effectively with financial institutions and banks for raising resources, establish budgetory controls, management information and internal audit systems and finalise the accounts in multi-unit companies etc. They shall also be expected to computerise the finance and accounting system. They shall be supported by a team of professionals and other staff for various functions.

Chartered Accountants/MBAs (Finance) with around 15 years experience of which atleast 5 years as an independent head of finance and accounts in organisations of repute would be suitable. Excellent track record of achievements in areas indicated above, strong leadership and man management capabilities and ability to excel under pressure would be decisive factors in selection. Preferred Age Group – around 35 years.

Please apply within 10 days with full biographical details and record of achievements alongwith a recent passport size photograph to :

Box No. AA/353/LO/2, Business India, 59, Regal Building, Connaught Circus, New Delhi-110 001.

TITAN

R E Q U I R E S

GENERAL MANAGER – DECISION SUPPORT SYSTEMS

Location: Bangalore Emoluments: Excellent + House + Car

Titan Watches Limited, a Rs. 100 crore TATA Company, has emerged as the market leader in the fast growing Indian quartz watch market. Its success has been achieved by highly innovative approaches in different areas of its business – a direct outcome of an exciting and dynamic environment that encourages creativity, team-work and a high degree of commitment.

To meet its growing information needs, Titan Watches Limited has just completed the installation of state-of-the-art multi-user Data General hardware at its facilities in Hosur, its Corporate Office in Bangalore and at its Regional Offices in Bombay, Bangalore, Delhi and Calcutta. The systems run under Unix with MF Cobol and Oracle RDBMS as the main application development platforms. Functional areas for which applications have been developed are Sales and Marketing, Financial Accounting, Payroll, Personnel Information and Manufacturing Planning and Control. The Company has plans for further applications development in areas such as Maintenance Management, Operations Research etc.

The Company is now looking for a person capable of visualizing and helping define the information requirements of several functions within the company at various levels, and then implementing systems which would exploit the opportunities offered by advanced information technology to provide such information. The Company has assembled a team of experienced software professionals. Thus, while the candidate need not participate in software development, to be successful, he will need highly developed inter-personal skills, and will have to be familiar with the functioning of large complex organizations, their information needs and the workings of fourth generation relational databases, preferably Oracle, as also the Unix Operating Systems.

Preferably, candidates should be MBAs with experience in Systems Development for Manufacturing and Marketing concerns. Management Consultancy experience in Systems Development in diverse areas would be an asset.

Interested candidates are requested to apply within fifteen days quoting details of their qualification, experience and employment record including last salary drawn.

The application should be forwarded to:

The General Manager – HRD
Titan Watches Limited
Sona Towers
71, Miller Road
BANGALORE-560 052.

Please superscribe 'GM-DSS' on the upper left corner of the envelope.

TITAN WATCHES LIMITED

A TATA + TIDCO ENTERPRISE

O&M3297

CERA

Madhusudan Ceramics

Madhusudan Ceramics, a division of Madhusudan Industries Ltd., is a growth-oriented, professionally-managed unit. It manufactures CERA, the leading brand of premium sanitaryware in the country.

Madhusudan Ceramics now requires a team of highly motivated, performance-driven professionals at various management levels to implement its ambitious growth plans.

VICE PRESIDENT (WORKS)

He will be responsible for smooth functioning of plant operations and co-ordination of pre-production, P.P.C., production, quality control and engineering functions. He will also handle labour and personnel matters.

Applicants should be graduates, preferably with a post graduate qualification in Management and 8-10 years' relevant experience. They should possess keen commercial acumen, analytical abilities and inter-personal skills.

VICE PRESIDENT (PRODUCTION)

He will assume overall responsibility of achieving production targets and shop-floor management.

Applicants should be qualified Ceramic Engineers/Technologists with 10-12 years' experience, preferably in a sanitaryware plant.

PERSONNEL MANAGER

He will take up all functions pertaining to personnel, industrial relations and HRD.

Applicants should be post graduates in Personnel Management & Industrial Relations or Social Work, preferably with a qualification in Law, with 8-10 years' relevant experience. Knowledge of Gujarati language would be preferred.

MECHANICAL ENGINEER (MAINTENANCE)

His responsibilities include undertaking breakdown and general maintenance work, introduction of comprehensive preventive maintenance systems and developing a cost-effective approach to ensure minimum plant down-time.

Applicants should be degree/diploma holders in Mechanical Engineering with 5 and 10 years' experience, respectively. They should be familiar with the operation and maintenance of D.G. sets, air compressors and thermic fluid heaters.

CERAMISTS

They will be required to take up the frontline position in various production, process control and quality control functions.

Applicants should be degree/diploma holders in Ceramics with 3 and 5 years' relevant experience, respectively. Fresh graduates in Ceramics with a good academic record may also apply.

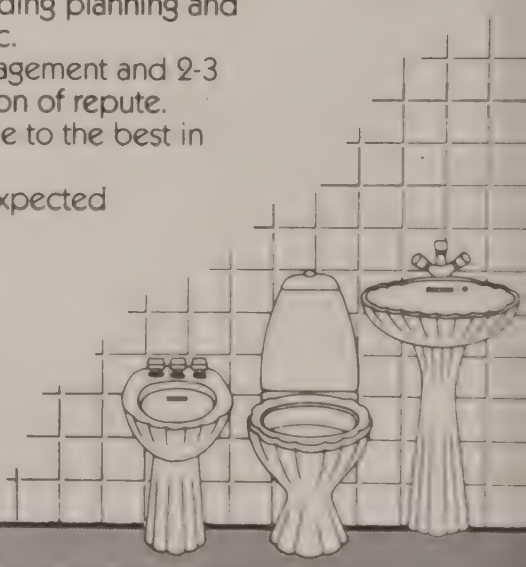
MARKETING SERVICES EXECUTIVE

He will co-ordinate all advertising and promotional activities including planning and implementation of the direct mailing programmes, architect meets, etc.

Applicants should be graduates, preferably with a degree in Management and 2-3 years' experience in an advertising agency or in a marketing organisation of repute.

All positions carry an attractive compensation package comparable to the best in the industry and will not be a limiting factor for the right candidates.

Please apply within 10 days with resume indicating present and expected emoluments, to :



CERA

The Joint President,
Madhusudan Ceramics,
9, G.I.D.C. Industrial Estate,
Kadi, Dt. Mehsana 382 715, North Gujarat.

Mudra:A.M

DIRECTOR FOR ARAI — PUNE

The Automotive Research Association of India (ARAI), Pune is a Co-operative Industrial Research Association of the Automotive Industry and the Ministry of Industry, Government of India. The objectives of this Association are research, development, standardisation, technological information services etc., for Indian Automobile Industry. It has its own Laboratory in Pune with advanced research facilities in I.C. Engines, Fatigue, Materials etc.

The Association is looking for a Director who is the Chief Executive. He reports to the Governing Council.

Responsibilities are to guide, direct and motivate the team of Researchers and Engineers; represent the Association at High-Level Committees; Interact with Industry in the country and abroad and perform all functions required for its smooth and efficient management.

We are looking for a candidate with high academic qualifications having proven track record and leadership capabilities at senior level in R&D in Automotive or Allied Engineering fields. Knowledge of State-of-the-Art technology in Automotive Sector will be an advantage. Preferred age will be 45-55.

Appointment will be on contract for a 5 Year period in the Grade of Rs.7300-7600 p.m. He will be paid DA, CCA and HRA as per Central Govt. Pattern. The total emoluments will be above Rs.1.2 lakhs p.a. Other benefits will be as per ARAI provisions.

Aspirants for this challenging assignment should send their applications giving Bio-Data, present emoluments and a recent photograph to the following address and mentioning on the envelope "Application for Director's Post".

The President,
ARAI,
P.B. No. 832,
Vetal Hill, Off Paud Road,
Pune 411 004.

INDO RAMA PROJECTS AND SERVICES LTD.

OPPORTUNITIES IN INDONESIA

INDO RAMA is a diversified group having manufacturing plants in Indonesia, Thailand, Nepal and India in the fields of Textiles, Steel, Rubber and Chemicals. P.T. INDO RAMA SYNTHETICS, a leading company in Indonesia manufacturing Yarns and Synthetic Fibres, requires for its Divisions the following personnel:

POLYMER DIVISION

VICE PRESIDENT (SALES)

The applicant should be Graduate in Engineering from a reputed Institute and/or an MBA having a minimum of 12-15 years' experience in Sales and Marketing with exposure essentially of overseas markets and excellent track record in organising sales network. The incumbent would be required to develop customer services, provide leadership directions and motivate the sales force. Those who have handled Sales and Marketing of Synthetic Fibres and Filament including Texturised Yarns, would be preferred.

MARKETING MANAGER (POLYESTER FIBRE/FILAMENT)

Textile Engineering Graduate/MBA with about 10 year's experience in marketing of Polyester Fibre and/or Filament Yarns. Responsibilities would include Marketing, Product development and also Technical Services. Experience in exports of these products shall be preferred. Age around 35 years.

TEXTILE DIVISION

VICE PRESIDENT (WEAVING)

Graduate Textile Engineer having 12-15 years' shop floor experience of Water Jet Looms for Fujiette Weaving, also covering production of Upholsetry, Furnishing fabrics etc. He should be fully conversant with machinery selection, production control systems and be able to manage the Division independently.

FINANCE MANAGER

Chartered Accountant/Cost Accountant with minimum experience of 10 years in a Maufacturing Industry in the area of Accounting, Budgeting and Cost Control System, Balance Sheet finalisation and Working Capital Management etc. He should be well-conversent with Computerised operation of Accounts and MIS. Age around 35 years.

Please send your application within 7 days along with a passport size photograph mentioning the post applied for to:
MANAGER (HRD), INDORAMA PROJECTS & SERVICES LTD., 903, MOHAN DEV, 13, TOLSTOY MARG, NEW DELHI-110 001

CLICKFAST: IRPS

• EXCELLENCE THE HALLMARK INNOVATION THE LIFELINE

A LEADING HEALTH CARE CENTRE REQUIRES

Our client, a well-established and professionally managed company in the field of **health care,** counted amongst the leaders in the industry, poised for further expansion, invites applications from outstanding professionals for the following key positions.

GENERAL MANAGER CORPORATE (GROUP OPERATIONS)

BHOPAL **UPI**

The incumbent will have integrated responsibilities for total financial and commercial functions, including organising and co-ordinating the total group operations. The candidate should have an **ACA/ACS/CFA/MBA** qualification and possess a minimum of **7 - 10** years of experience in a similar line in a reputed organisation. Preferred age **35 - 40** years.

COMPANY SECRETARY

UPII

The incumbent shall work at the **Corporate Office** - **BHOPAL.** He should be able to comply with statutory requirements. The position offers opportunities to handle the entire secretarial functions of the group. He should be a qualified **Company Secretary** with about **5** years' Post qualification experience. A Degree in **Law** shall be an added advantage. Preferred age **30 - 35** years.

REGIONAL MANAGER - DELHI/BOMBAY/MADRAS UPIII

The incumbent should have a sound academic record preferably with **ACA/CFA/MBA** qualification and exposure to Banking operations. Sound knowledge and skill to handle health care operations as well as corporate operations are the basic requisites. He shall be in charge of the Company's regional profit centre and shall take care of the performance of the region, including co-ordinating the branch operations, administration and personnel functions. Experience **5 - 7** years in a similar line is essential. Preferred age **35 - 40** years.

DIVISIONAL MANAGER - GORAKHPUR/BAREILLI/RAIPUR - UPIV

The incumbent shall be a professional with **5 - 7** years of experience in **Financial/banking operations.** He will be required to monitor the division's operations in the region. Communication skills, capability of marketing the services and building up a team that will meet the company's objectives, are the prime requisites. Preferred age **30 - 40** years.

BRANCH MANAGER - VARANASI/LUCKNOW/BAREILLI/INDORE MADRAS/MADURAI/COIMBATORE/TRIVANDRUM/COCHIN/RAIPUR UPV

The incumbent shall be a professional and possess sound business acumen. The Branch Managers are responsible to achieve the set objectives/targets, as well as strengthening the Company's clientele base. The candidate should have atleast **3 - 5** years' experience. Preferred age **25 - 30** years.

ACCOUNTS MANAGER - BHOPAL - UPVI

The incumbent shall be a qualified **Chartered Accountant/Cost Accountant or MBA** with exposure to Finance and Accounting functions including Costing, Taxation and Budgetary Control. He should have work experience of atleast **2 - 3** years. Preferred age **25 - 30** years.

All the above positions carry attractive remuneration and perks that will match with the best in the industry. Please apply in confidence, with full details and a Passport size Photograph within 10 days, superscribing on the envelop, the post applied for,

PLACEMENT DIVISION
FAIRGROWTH
FINANCIAL SERVICES
L I M I T E D

"FAIRGROWTH HOUSE" 22/11, VITTAL MALLYA ROAD BANGALORE-560 001.

• EXCELLENCE THE HALLMARK INNOVATION THE LIFELINE

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Oil Country Tubular Ltd.

HYDERABAD

We are a fast growing multicrore professionally managed Hi-tech Company manufacturing a wide range of Oil Country Tubular Goods for Oil Exploration and Production. Our technical collaborators are **M/s. Baker Hughes Tubular Services, Inc., U.S.A.** the renowned world leaders in this field since 1917. World standard quality control and expertise in processing ensures excellence of our products in this highly sophisticated field of Engineering.

Our plant is situated 86 Km from Hyderabad, at SHREEPURAM in Nalgonda District, of Andhra Pradesh. We are on the look out for highly motivated professionals for our plant at SHREEPURAM to man the following positions :

DEPUTY GENERAL MANAGER (MAINTENANCE) :

Assisted by a group of Engineers, he will be responsible for the maintenance of CNC machine tools, cranes, compressors, forging machines, diesel generator sets etc. He should devise and implement preventive maintenance programmes and have good command over the work. Ideally, he is a graduate Mechanical/Electrical Engineer with 15 years experience (including five years in a senior position) in a large reputed industrial manufacturing organisation, with work experience in the above areas.

MANAGER (DESIGNS) :

Should guide a group of Engineers in the design of toolings, and jigs, fixtures, mechanical components preferably threaded sections and hot forging dies for Upset Forging Equipments. He should be conversant with International specifications API, ASTM, NACE etc. He should be a graduate Mechanical Engineer with 10 years experience in this field.

MANAGER (PLANNING) :

Will lead a team of Engineers in Production Planning and Control, Manpower Planning, Material Planning, Time & Motion Studies etc., to achieve optimum results. He should be a graduate Production/Mechanical Engineer, with 10 years experience in this field.

MANAGER (QUALITY CONTROL AND QUALITY ASSURANCE) :

It would be the responsibility of Manager (QC & QA) along with his team of Engineers to ensure all products comply fully with the specified American Petroleum Institute and other International standards ie.ASTM, NACE, AFNOR, DIN, JIS etc.

Should be a graduate Metallurgical Engineer/Mechanical Engineer with 10 years experience in Heat Treatment of Ste (Preferably Tubulars/Forgings) in large Controlled Atmosphere Furnaces, and Mechanical Testing for Quality Control. Experience in NDT, Gauging on Threaded components, preferably Tubulars is essential.

MANAGER (ELECTRICAL MAINTENANCE) :

Assisted by a team of Engineers, he will be responsible for the installation & maintenance of H.T. and L.T. installations, maintenance of CNC machines, instrumentation electroni equipment, repairs of motors etc. He should implement preventive maintenance programmes.

He will be a graduate Engineer in Electrical Engineering and Electronics with 10 years experience in Medium /Large manufacturing industry.

MARKETING MANAGER (TUBULAR SERVICES) :

Should be a graduate Mechanical Engineer with Master's degree in Business Administration.
Should be conversant with the Oil Drilling scenario in the country in both the Government and Private Sectors and familiar with API specifications.
Should be having a minimum of 5 years experience preferably in the field of promoting NDT inspection services of Oil Country Tubular Goods and allied items.

MANAGER (PERSONNEL & ADMINISTRATION) :

Should have a Post-Graduate Degree or Diploma in Industrial Relations and Personnel Management/Social work with abou 12-15 years industrial experience. He should be conversant with all aspects of personnel, Industrial relations and Administrative functions. A degree in Law is desirable.

Please apply within 10 days in strict confidence, with full Bio-Data including particulars of experience and present emoluments drawn, along with latest passport size photograph with the name of post applied for, superscribed on the envelope to :

Sr. Manager (P&A),
Oil Country Tubular Limited,
Shreepuram, Narketpally,
Nalgonda District - 508 254.

Apple 11601

ABC's major speciolisations include Corporate Consultancy

GM—DIVERSIFICATION

Multinational Light Engineering Company

Calcutta

Rs 15,000/- + Flat + Car & Driver + Perks

We have been retained by a professionally managed, medium sized, **highly profitable** International Company manufacturing & marketing a wide mix of sophisticated electrical/mechanical engineering products to select a senior diversification professional for them. Present incumbent will be moving out to head an Electronics Project, which he was involved in identifying & developing for the company.

He will have overall responsibility for identification of related/unrelated projects, quick verification of potential, market demand studies, techno – economic feasibility reports, negotiations with foreign collaborators, government clearances, coordination with financial institutions/banks, liaison with consultants/turnkey contractors, etc. Preference will be for **mechanical/electrical/electronics engineer** with MBA qualification from a highly reputed institute. This key position will suit only a **self – starter with good macroview of Indian Engineering Industry;** willingness to commit himself with **growth objectives** and sustained hard work involved in identifying & establishing successful greenfield projects. Age Group 38 – 45.

Please write to **B P Agrawal, Chairman** with detailed biodata & telephone numbers. All correspondence must be made through courier mail/speed post and envelope & enclosures marked with job title & code GMD/BPA/3089.

ABC CONSULTANTS PRIVATE LIMITED

43/3, Hazra Road, Calcutta 700 019, PBX 753688/89

SWOT Analysis • Organisational Restructuring • MIS

Manpower Audit & Planning • Managerial Appraisal • Salary Survey

ABC's major specialisations include Corporate Consultancy

VP—OPERATIONS

Multinational Light Engineering Company

Calcutta

Rs 15,000/- + Flat + Car & Driver + Perks

We have been retained by a professionally managed, medium sized, **highly profitable** International Company manufacturing & marketing a wide mix of sophisticated electrical/mechanical engineering products to select a senior manufacturing manager for them.

The incumbent will be responsible for the entire factory – based operations like production planning, design & development, **machine shop, assembly,** testing, quality control, maintenance, **industrial relations,** administration and other manufacturing services. He will also interface with marketing & finance functions. Must be a Graduate Mechanical/Electrical Engineer in the age group 42 – 48 with similar experience in a reputed electro – mechanical industry at senior levels. Above all, we are looking for a **technically sound operations manager** with strong qualities of leadership and man management. He must possess high degree of initiative with ability to **get things done** and zeal for continuous improvement. Occasional **foreign visits** to collaborator's plants are envisaged.

Our clients are looking for a **high performer** with good growth potential and they will negotiate a very handsome remuneration package. Please write to **B P Agrawal, Chairman** with detailed biodata & telephone numbers. All correspondence must be made through courier mail/speed post and envelope & enclosures marked with job title & code VPO/BPA/3088.

ABC CONSULTANTS PRIVATE LIMITED

43/3, Hazra Road, Calcutta 700 019, PBX 753688/89

SWOT Analysis • Organisational Restructuring • MIS

Manpower Audit & Planning • Managerial Appraisal • Salary Survey

ABC's major specialisations include Corporate Consultancy

New Project Development • Techno Economic Feasibility Study

4 SENIOR CONSULTING MANAGERS

Bombay, Delhi, Madras, Calcutta

To support our planned expansion & diversification, ABC is **urgently looking for** 4 mature & tough managers at Metro Cities with the following specifications :

a) **Engineer + MBA/M Tech (IE & OR)**
b) Age Group 35—45
c) Excellent Analytical & Communication Skills
d) **Management Services or Operations/Materials Experience**
e) Hardworking, Pleasant, Persistent
f) **Total Emoluments between Rs 1.5 to Rs 2.5 Lakhs.**

ABC provides **intellectually stimulating,** professionally rewarding and non-hierarchical environment for learning & career growth. Please write to **B P Agrawal, Chairman** and mark the envelope & enclosures with job title & code SCM/BPA/3087. All correspondence must be made through courier mail/speed post and contact telephone numbers to be mentioned clearly in a structured biodata.

ABC CONSULTANTS PRIVATE LIMITED

43/3, Hazra Road, Calcutta 700019. PBX 753688/89

Manpower Audit & Planning • Managerial Appraisal • Salary Survey

ABC's major specialisations include Corporate Consultancy

New Project Development • Techno Economic Feasibility Study

GENERAL MANAGER—HRD

Multinational Light Engineering Company

Calcutta

Rs 15,000/- + Flat + Car & Driver + Perks

We have been retained by a professionally managed, medium sized, **highly profitable** International Company manufacturing & marketing a wide range of precision engineering products to select a Senior HRD Professional for them.

The incumbent will have total responsibility for all aspects of human resource management, including organisational analysis & structuring; personnel policies & manpower planning; performance appraisal; training & development; selection & recruitment; IR & employee relations; personnel administration. As a **change agent,** he will ensure effective utilisation of the total human resource at all levels and will play the key role of a planner, motivator, problem solver and negotiator. Ideal candidate would be a Graduate Engineer with MBA qualification, preferably from XLRI, Jamshedpur. Engineering Industry exposure will be very helpful. Age Group 38 – 45.

Our clients are looking for a top – notch professional and a **high performer** could look forward to a highly rewarding career in a professionally managed environment. Please write to **B P Agrawal, Chairman** with detailed biodata & telephone numbers. All correspondence must be made through courier mail/speed post and envelope & enclosures marked with job title & code HRD/BPA/3090.

ABC CONSULTANTS PRIVATE LIMITED

43/3, Hazra Road, Calcutta 700019. PBX 753688/89

Manpower Audit & Planning • Managerial Appraisal • Salary Survey

MELTRON

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Government of Maharashtra
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o Visual Division, **Excellent**
bay **Terms**

TRON is in the forefront of
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Audio Visual Division of MELTRON is
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R&D facility of the division is
ssing on developing new products and
genising existing products. MELTRON
oking for a high-calibre, result-oriented
essional to strengthen the product
elopment of this division.

selected candidate will be responsible

entification of new products for
fferent market segments.
evelopment projects, indigenisation.

should be an Engineering graduate in
ctronics with an excellent record of at least 16 years, preferably in R&D or product management or system design in Professional Audio or related fields.

Emoluments: Negotiable around Rs. 7,400/- per month.

Besides emoluments, attractive perks like Contributory Provident Fund, Gratuity, Leave Travel Assistance, Medical Assistance, Group Personal Accident Insurance, Encashment of Leave and Car Maintenance Allowance are available under the rules of the Corporation. Unfurnished accommodation may also be considered in deserving cases.

Age: Around 45 years.

Other things being equal, preference will be given to candidates belonging to SC, ST and VJNT communities. Such candidates will be eligible for concessions relating to age and experience as per the State Government directives. Candidates working in Government, Semi-Government Organisations and Public Sector Undertakings should send their applications through the proper channel with an advance copy to MELTRON.

Applications, giving details of age, academic and professional qualifications (with the year of passing), work experience (with name/s of organisation/s, position held, period and the nature of work done), state of domicile, caste (if one belongs to the Backward Class Community), current salary, perks and salary expected, should be sent within 10 days to:

Deputy General Manager
(Personnel & Administration)
MAHARASHTRA ELECTRONICS CORPORATION LIMITED
Raheja Centre
13th Floor, Nariman Point
Bombay 400 021

ME 706 R

FUNCTIONAL MANAGERS

Large company with multinational links

Premium locations in South India

Attractive salary package

A large, reputed and successful company with multinational links is looking for two high-calibre functional specialists who would provide effective leadership in their respective areas of specialisation. The company is in the process of upgrading its management skills and will provide excellent opportunities for professional fulfilment and career progression.

MANAGER-HUMAN RESOURCES DEVELOPMENT

(MS/5726)

Candidates should ideally be MBAs with specialisation in Personnel Management and 8-10 years experience in various facets of HRD in companies known for progressive management practices. They should be dynamic, articulate, conceptually strong, practical and persuasive. Preferred age : 35-40.

MANAGER - MIS

(MS/5727)

Candidates should have a strong systems background and a high degree of computer literacy. At least 5 years senior level experience in modern IT set-up using super-minis, UNIX and RDBMS is essential. Hands-on experience in successful introduction of computerisation is very desirable. Preferred age : 35-40.

Both positions report to a VP and carry an attractive salary package including housing, car and other perks.

Please apply in strict confidence within ten days to:

A.F. Ferguson Associates
P O Box 1786
Bombay 400 001

giving full details of age, qualification, experience and salaries drawn. All applications and envelopes should be marked with the relevant MS numbers. Candidates not contacted within 3 months of application may assume that they are not being considered.

They are now at CRY. CRY - Child Relief and You is a non-profit organisation, that provides comprehensive support to to development programmes for children and women in urban, rural and tribal areas. Considering that they are our most vital resources and given the intensity of their needs, this is perhaps the most challenging field to be working in today. Which explains why the sharpest minds from the corporate sector are engaged in saving lives not bottom lines. We are looking for six more to join them.

MANAGER - PLANNING & BUDGETING: Will set financial and strategic objectives * Co-ordinate the formulation and implementation of annual and three-year plans and budgets * Must have at least 3 years' experience in planning and budgeting for a multi-divisional, multi-locational operation with a thorough knowledge of financial management.

SENIOR DEVELOPMENT PROFESSIONAL: Will identify deserving development projects working for children, women and entire communities * Evaluate and assess their needs * Devise and implement creative strategies to provide comprehensive support to such projects * Must have at least 7 years' experience in running a development programme or supporting a wide range of development activities * Thorough knowledge of relevant technology, income generation and human resources development * Strong communication skills in English and one Indian language * Willing to travel extensively.

Some of the most committed managers of P&G, ITC, Tatas and CMC don't work there any more.

PRODUCT OPERATIONS MANAGER: Will be responsible for planning, co-ordinating and executing operations of the products division * Must have 7 years' experience in managing a multi-product operation with full accountability for revenues and costs.

MANAGER - PRODUCTION: Will be responsible for planning and co-ordinating the production and distribution of CRY's products * Must have 5-7 years' relevant experience * Familiarity with printing and paper industries.

EXECUTIVE ASSISTANT TO THE PRESIDENT: Will assist the President in discharging all responsibilities, including co-ordination, operational and financial monitoring, report writing, proposal analysis and follow-up * Must have 3 years' experience in a similar position * Strong communication skills.

ACCOUNTS EXECUTIVE: Will maintain, scrutinise and audit accounts of projects supported by CRY * Plan and co-ordinate disbursals to various projects * Must have 2 years' experience in a Chartered Accountancy firm * Willing to travel to rural areas.

Applicants for all the jobs must be between 28 and 40 years of age. Salaries will be commensurate with experience.

Write to: The President, CRY - Child Relief and You, 189-A Sane Guruji Marg, Bombay 400011.

CHILD RELIEF AND YOU

MERCHANDISING MANAGER

(a multinational buying house)

Delhi **MS/5808**

A large international conglomerate with interests in aviation, property, shipping, industry and trading, wishes to appoint an experienced Merchandising Manager to help set up and run a buying house to source garments and home furnishings from India for prominent retailers of USA, Canada and EEC markets. The group's trading office has offices in the major manufacturing centres in the Far East, with sales development offices in London and Los Angeles.

The incumbent will help an expatriate establish the new office in India. Key responsibilities will include identifying & developing vendors, placing of orders, monitoring quality of merchandise as per principal's needs, ensuring timely deliveries and negotiating price with buyers. The job would require him/her to take several overseas trips during the year.

Applicants must have a strong track record in the export field (preferably garments) with minimum 5-7 years senior management experience in other leading buying houses or in marketing/sales division of a leading garment export manufacturer. They should have excellent peoples skills and ability to lead and motivate staff. They should demonstrate a 'hands-on' ability, particularly in the early stages of establishing a new office.

Age: Around 30 to 35 years.

The position offers good career prospects in an international organisation. Compensation package will not be a constraint in attracting the best talent in the country.

Please apply in strict confidence giving full details of age, qualifications, experience, salaries drawn, and telephone contact nos. within 10 days to:

A F Ferguson & Co.
Hansalaya
Barakhamba Road
New Delhi 110 001

All applications and envelopes should be marked with the **'MS'** number.

SRF

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SRF is a growth-oriented group with an enviable track record. The group turnover from a diverse product range, which includes nylon industrial yarns and fabrics, engineering plastics, fluorochemicals, ball and needle bearings, auto-electricals and financial services is expected to cross Rs. 300 crores in the current year.

To give thrust to our ambitious growth plans, we are on the look out for a young team of dynamic persons for a unit manufacturing polyester films for packaging and insulation industry.

HEAD OF MARKETING (DELHI)

The incumbent would have overall responsibilities of the marketing operations of the unit and would report to the unit head. He should be able to build and lead a highly motivated team. The ideal candidate should be an MBA with specialisation in Marketing from a reputed institute and with a Mechanical or Chemical engineering background. He should have at least 8-10 years of hands-on experience in field selling to industrial customers. An exposure to the packaging industry would be preferred.

REGIONAL MANAGERS – MARKETING (NORTH & EAST)

The incumbents would be responsible for the marketing of polyester films in the regions.
The candidates should be Chemical or Mechanical engineers with around 5 years of experience in the field of industrial/institutional selling of industrial intermediates, of which preferably 2 years should be as Area Manager. An exposure to the packaging industry would be preferred.

PRODUCT EXECUTIVE (DELHI)

The Product Executive will be responsible for sales co-ordination, formulation and execution of marketing strategies and product development related activities.

The candidate should be a Chemical or Mechanical engineer with 2-3 years of field sales and branch co-ordination experience in industrial products.

HEAD OF PERSONNEL

The incumbent would report to the Head of the unit. He would be responsible for the entire range of personnel related activities, including formulation of personnel policies, industrial relations, training & development, recruitment, manpower planning, wage & salary administration, performance appraisals, security and administration etc.
The person should have a post-graduate qualification in Personnel Management from a reputed institute. He should have 6-8 years of experience.

We offer attractive compensation packages and excellent opportunities for growth to ambitious and result-oriented professionals.

Please apply within 7 days, giving details of age, qualifications, experience and salary etc. and superscribing the envelope with the relevant position to:

Vice President (Personnel)
SRF LIMITED
Express Building, 9-10, Bahadur Shah Zafar Marg,
New Delhi-110 002

THE SHIPPING CREDIT AND INVESTMENT COMPANY OF INDIA LIMITED

SCICI — a fast growing all-India development financial institution — specializes in providing financial and developmental assistance to shipping, fishing, road and air transport, oil exploration and production, power generation and distribution, telecommunications, food processing, tourism and other allied industries. During the short span of its existence of four years, it has grown to a Rs. 1000 crore Company from Rs. 100 crores in 1986 and is also in the process of substantially diversifying its operations. The Company made a public issue of Rs. 25 crores in February 1991 and now has a paid-up capital of Rs. 75 crores. The Company's reserves aggregated Rs. 47.12 crores on March 31, 1991.

It is now offering professional opportunities to a few qualified and bright candidates in the following positions:

MANAGER — ACCOUNTS

This position would have overall charge of audit and accounts plus the computerised systems of SCICI. Candidates should be qualified Chartered Accountants and have atleast 5 to 10 years relevant experience with proven leadership skills as the job requires the putting together and management of a small team of qualified professionals.

MANAGER — SYSTEMS

The incumbent would have overall responsibility for the computerised and other automated systems for implementation of the ongoing projects and for maintenance and development later on.

Candidates should be post-graduates with computer background, financial orientation and excellent communication skills. Relevant experience in developing an online computerised environment is essential.

PROJECT OFFICERS

The job involves all aspects of project appraisal, marketing and financing, monitoring and review of credit in SCICI's expanding and diverse customer groups, besides interaction with other lending institutions and agencies of the Central and State Governments. Candidates should be either MBA's possessing a basic degree preferably in any engineering discipline or post graduates in fisheries, with one or two years relevant experience. Applicants possessing relevant or related experience shall also be considered for placement in the Company's Merchant Banking Division.

For all the above posts, acquaintance with computerised environment is a must.

The compensation package would be commensurate with the qualifications and experience of the incumbent, and would not be a constraint for the right candidate. SCICI provides perquisites like Provident Fund, Gratuity, Superannuation, LTC and Medical reimbursement. Residential accommodation could also be provided.

Please apply before September 30, 1991 giving complete biodata, educational qualifications, age (with date of birth), experience, present salary, etc to:

THE SHIPPING CREDIT AND INVESTMENT COMPANY OF INDIA LIMITED
Nirlon House
254-B, Dr. Annie Besant Road
Bombay 400 025

Mudra:B:SCICI:1004:2216

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As a software professional with ipro Systems you'll get to work on ariety of assignments - ranging m decision support systems for nking/insurance to software for fence related projects. If you are fficiently talented and motivated, u might even get to handle them all a day's work. Opportunities apart, Wipro Systems, you'll be working in people-friendly atmosphere in ich ideas take root, branch out, ow and flourish. In fact, it is the portance that we give to our people d the atmosphere that makes us the mpany that we are.

Today, we're the fastest-growing ftware company in the country. Our owth over the past two years has en more than a 100%. Export rnings have trebled. And our clients cognize us as a company that proaches their business needs nestly, competently and with a nse of partnership. To enhance this putation and to accelerate our owth, we're now making several moves. We'll shortly be adding HP and IBM workstations and an IBM mainframe to our existing environment of IBM AS/400, Unix, LAN and SUN Sparcstations among others. We even propose to establish satellite links to communicate with our overseas clients. Besides these plans, we'll need you as well.

Software Specialists/ Project Managers

Your routine (or, should we say, non-routine?) will involve managing a variety of software projects, profitably, from cost estimation to project implementation, either in the area of Commercial Applications or Systems and Communications. You'll also develop new business. A high-calibre team of well-trained professionals will help you in this process.

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If you are one, then your growth at Wipro Systems will be fast and steady. You'll encounter many exciting overseas assignments and in time, grow into a group projects manager, manager-in-charge of a line of business or a business development manager at any one of our overseas offices. To start with, you'll start at Bangalore.

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S&S

Our Client M/s. **S & S POWER SWITCHGEAR LIMITED** is a leading public limited company manufacturing & marketing **electrical switchgear products** with a turnover exceeding Rs. **50** crores per annum. To strengthen the existing infrastructure of tne organisation we have been retained to recruit the following positions

SENIOR MANAGER - MATERIALS

The incumbent in the age group of **35-45** yrs should be an **Electrical / Mechanical Engineer** in addition to **Post Graduate Diploma in Materials Management** with **10-15** yrs relevant experience in Materials function of **electrical products** preferably from reputed public limited companies. Exposure to Latest techniques of materials management in a computerised environment is essential.

SENIOR ENGINEER - R & D

The incumbent below **30 yrs** should be an **Electrical / Mechanical Engineer** with **3-5** yrs relevant experience in **design** of **electrical** products preferably for **switchgear industry. Aptitude** for **R & D** work besides analytical ability and creative thinking is essential.

SENIOR ENGINEER - QUALITY CONTROL

The incumbent below **30 yrs** should be an **Electrical / Mechanical Engineer** with **3-5** yrs relevant experience in **Quality Control** activities of electrical and allied products. Exposure to **QC** of switchgear products is preferred.

Placement location for these positions will be in **Madras.** Compensation offered will be commensurate with the background of the candidate and will not be a limiting factor for the right candidate.

Candidates matching the above requirements may send their detailed **RESUME** addressed to **A. Mathrubootham, Director,** attaching a **photograph** within **10** days.

HRCG

Personnel Selection Division

HUMAN RESOURCES CONSULTANCY GROUP

2, Velu Street, West Mambalam, Madras 600 033 Phone: 426269/426151

EXECUTIVE SELECTION & RECRUITMENT * HRD SYSTEMS

SENIOR EXECUTIVE FOR MATERIALS - PUNE.

We have been retained by a very large Engineering Company, who are aders in their field, for the selection of a top class Materials professional who ould initially assist the head of the Materials Division and shall be responsible r handling the following :-

- ★ **Formulation of purchasing strategy.**
- ★ **Purchase of bulk raw materials, components and other items.**
- ★ **Management of inventories.**
- ★ **Development of vendors.**
- ★ **Ensuring a regular and uninterrupted supply of material to production.**

He will be assisted by a team of managers and buyers, and would be required to rovide guidance, motivation and leadership to the team.

He should be an engineering graduate and preferably an MBA or a post raduate in Materials Management or a related area. Familiarity with computerised ystems in the materials management will be an advantage.

He should be in his forties and have total experience in an engineering industry r about 15 years, out of which at least 7 years should have been in a senior osition.

He should have the ability to streamline/introduce modern materials anagement practices, should have a proven record in cost reduction, development of ew vendors & optimizing inventories and should possess an excellent commercial ense for negotiating competitive rates. Knowledge of customs and excise is a distinct dvantage.

This is an invitation for a mature professional to be part of the senior anagement team of the company with an opportunity to head the division in future.

An excellent compensation package is offered to the right candidate.

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MSA PLACEMENT SERVICES
C-1, HERMES COMPLEX
DHOLE PATIL ROAD
PUNE - 411 001. ✆ 660184, 660558

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We would like self-motivated professionals with a genuine interest in management consultancy to join our team. Although other branch locations are on the cards, the new members of the team will be located in Bombay. The work environment is informal and opportunities exist for excellent professional and personal development. The company offers a good salary package without housing.

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gn collaborations operating in many high
th areas like Chemicals, Agro Inputs and
neering Products. We require

VP/GM (WORKS)

Location : Near Delhi

rting to the President, the incumbent will be in-
ge of the Factory and be responsible for
uction, Maintenance, Quality Control, Personnel &
nd all other plant related commercial functions
ding liaison with local authorities. He should have
experience of about 20 years in industries like
y Chemicals, Fertilizers, Cement etc. and of
mlining operations, factory management systems,
ning and administrationand ability to workwithin
time/budget schedules. Ideal candidate will be a
nical and/or Mechanical Engineer having worked
orks chief for at least 2 years. Age around 40 years.

DY. GM. (WORKS)

Location : Near Delhi

incumbent should be a qualified Chemical and/or
hanical Engineer with strong commercial acumen
will assist VP/GM (Works) in all his functions. He
be able to take over the management or works in
course of time. He should have experience of about
ears. Age around 39 years.

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ase apply immediately within 7 days giving details of
lification, experience, contact telephone numbers
superscribing the envelope with the position
lied for to:

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The incumbent should be a seasoned professional who will take overall responsibility of Export Market. He should be able to develop business worldwide. Knowledge of the product range, commercial terms, import and export policies of India and various countries and their trade agreements with India and applicable export benefits under various conditions is essential. Skill to negotiate long term tie-ups, financing arrangements and foreign exchange dealings shall be an asset. Candidates having knowledge of light engineering industry especially bicycles will be preferred.

The remuneration package will be attractive and will be no constraint for the right candidate.

Please apply immediately in strict confidence with complete bio-data, to :

THE GENERAL MANAGER (PERSONNEL)
HERO CYCLES LIMITED
HERO NAGAR, G.T. ROAD,
LUDHIANA-141003

HERO

Requires
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GENERAL MANAGER (FINANCE)

This is a senior level position and the incumbent shall be reporting to the Chairman/Managing Director of the Company. He would be overall incharge of the financial and accounting functions and shall have deeper involvement in corporate financial planning. Apart from banking, costing, budgetory controls, tax planning and computer application, he will be required to have liaison at higher level with banks and financial institutions for managing institutional loans. Besides, he will also manage the L.I.C. and Public Fixed Deposits Schemes of the Company.

The candidate should be C.A. preferably with C.S. qualifications and having around 15 years of experience out of which five years should have been at a senior level in Manufacturing Organisation.

DY. GENERAL MANAGER (STORES)

It is a senior assignment and the incumbent would be responsible for managing the stores and streamlining the various systems of stores accounting/maintenance.

The right candidate would be an Engineering Graduate/MBA with specialisation in Stores Management, having atleast 5/7 years of experience in similar capacity and conversant with computerised Material Management System, Store Accounting, Material Movement and capable of adopting scientific techniques of controlling/ monitoring of inventories.

The remuneration package will be attractive and will be no constraint for the right candidate.

Please apply immediately in strict confidence with complete bio-data, to :

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HERO CYCLES LIMITED
HERO NAGAR, G.T. ROAD,
LUDHIANA-141003

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We have a vacancy for Purch Manager for our Electrical Stampi Division at Hyderabad.

The Purchase Manager will h responsibility for purchase functio the division covering purchase/st planning of laminations, r materials, press tools, capital goo sale of laminations scrap e maintenance of modern M systems/computerisation of operations.

Applicants should have about 7 yea Purchase experience and posse excellent purchase/price negotiati skills.

The total emoluments would be ov Rs. 1 lac p.a. and will not be a limiti factor for the suitable candidate.

The position offers scope for verti advancement as a business manag

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MAN

ior engineer with 8-10 years of experience in simi- apacity. Background on Aluminium technology, ll working processes will be advantageous. He ld have distinct leadership qualities and team agement skills.

nould also have exposure, insight, and aptitude for ern management techniques, and in particular to atest SPC methods and Total Quality Management ms on the lines of ISO standards.

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nould take COMPLETE CHARGE of the plant, and rdinate all activities such as manufacturing, rials/dies/services, maintenance, development, ning and control. He will be required to report to the ctors, while handling all matters in the plant pendently.

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Marketing Chief
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We require a person with imagination, drive and experience to build for this Company a strong marketing operation. We have the products, the technological expertise and the R&D strength to be a leading Indian manufacturer. To make this a reality, we need a **Market Builder**. His primary tasks will be :

- **Formulation and execution of marketing strategies to establish our products in the market.**
- **Concept selling to large and medium private and public sector industries towards import substitution, electronification, modernisation — with cost benefits.**
- **Formation of an effective marketing team with existing and new personnel.**
- **Generation of new products based on the Company's R&D strengths and managing their sales.**

The right person will play a key role in shaping the Company's future. He will operate from our headquarters at Calcutta. Compensation will not be a constraint.

If you are weary of your marketing laurels and want life to begin again — even if you aren't quite 40 — please write within 10 days, stating details of achievements and expectations, to :

THE PRESIDENT
HAMILTON RESEARCH & TECHNOLOGY (P) LTD.
113 Park Street (Block B – 10th floor)
Calcutta 700 016 ☎ 29 3998 & 29 9924

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– Should be a Graduate with extensive experience in Export Selling. He should have a good personality and communication skills and willing to travel extensively in India and abroad. It is desirable that the candidate has a Post Graduate qualification from IIFT and be familiar with resources and vendor development in Floor Coverings, Home Furnishings – Fabrics and Made Ups.

DESIGN MANAGER (Delhi)

– Qualified in Textile designing from a recognised Design Institute. The individual should be able to work effectively with Suppliers and professional colleagues in Production/Marketing. Should be willing to travel extensively within India. It is desirable that the candidate has experience in Designing for the Export Market and be familiar with sourcing and development of sample collections in Floor Coverings, Home Furnishings – Fabrics and Made Ups.

Apply within 10 days to:

Manager – Corporate Development,
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Delhi/UP Locat

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ESI, other Statutory Compliances, Personn
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Should be a Post Graduate Diploma in Personnel Ma
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Work areas include

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Food Products/ Office Automation Products/inform
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Work areas include

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nication Systems/Output devices.
* Ability to diagnose and carry out repairs/rep
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Diploma/Post Graduate Diploma in Electronics Engi
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Apply with full details including salary drawn/expect

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are professionally managed group with the present turnover of about Rs. 200 crores and projected nover of around 500 crores by 1995. We are diversifying into financial services including leasing, e purchase, merchant banking, bill discounting, etc.

are on the look out for a seasoned professional in the above field to head our new venture. The job umbent would look after the functions of resource mobilisation, marketing strategy, funds nagement, setting up systems and procedures and running the venture as profit centre.

plicants may be CAs or MBA (finance) having 10 to 15 years experience in the above areas out of which at st 5 years should be at senior level in organised banking/financial services Company.

ose possessing own residence and telephone in Bombay would be preferred. The Company offers excellent nuneration to go with the responsibility of the position. If interested, please apply within 10 days to:

Box No. AA/353/IM/3
Business India,
59, Regal Building, Connaught Circus, New Delhi-110 001.

---

ost modern composite textile unit set up with state-of-the-art technology and machinery and noted by a reputed group, whose annual turnover exceeds Rs.200 crores, is looking for amic, highly motivated and result - oriented professionals for the following positions. The le unit is poised for further modernisation and expansion of the manufacturing activities; ch shall enable the unit to further increase its exports.

CE PRESIDENT (MARKETING) Posting: Ahmedabad

aduate in any discipline in the age group of 35-40 years. He should be a leader with a proven k record and should be able to lead and motivate a team of sales executives. The incumbent uld have a minimum 15 years' experience, out of which atleast five years should be in a lar position in a reputed composite textile mill. The selected person will be exclusively and entially responsible for direct exports to hard currency countries and supplying quality shed fabrics to the export oriented garment industry, in addition to handling sales promotion he company's textile products.

HIEF ACCOUNTANT Posting: Ahmedabad

candidate, between the age group of 30-35 years, should preferably be a Chartered countant with a minimum 3 years' experience in a similar position in a reputed organisation. should have a reasonable knowledge of export related work.

company offers an excellent compensation package comparable with the best in the ustry. Please apply in confidence within 7 days, to:

Box No. AA/353/CK/4, **Business India,**
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The candidate should be thoroughly conversant with export marketing activities for Industrial Products. Experience of minimum 10 years, in dealing with overseas customers, co ordination with various Government Authorities and Financial Institutions together with knowledge of procedures for realisation of export benefits is essential. He shall have the challenge of independently procuring and executing export orders.
Preferred age 35-40 years
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Remuneration package will be attractive. Housing and other facilities will be provided by the Company.
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North India

r a multi-product, multi-locational Industrial House – for its well established and ll promoted brands of fashion sensitive daily usage consumer goods. The company enjoys countrywide retail outlets and effective distribution network.

The positions would be based at Units in North India (not Delhi).

e applicant must be a Post Graduate in Marketing from a reputed management stitute, around 35 years, and have 10 to 15 years track record of success in nsumer marketing in competitive environment with reputed organisations.

arketing experience at Senior levels with big companies in Footwear, Paints, RTW rments, Domestic Appliances, Textiles and the like would be an advantage.

More than a mere job, we offer a career with one of the most coveted industrial houses in the country.

Apply with resume superscribing "Marketing Chief" on the cover, to:
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Requires

GENERAL MANAGER
Pharmaceutical Production

Cyanamid India Limited, an affiliate of the American Cyanamid Company, USA (a Fortune 00 company) is one of the pioneers in India in the fields of Health Care, Animal Health Products nd Crop Protection Chemicals. To keep pace with its rapid business growth and modernization lans, Cyanamid requires a high calibre, result-oriented professional for the above post to be ased at its manufacturing facilities at Atul, Valsad — Gujarat. The Company provides a emanding work environment that will suit mature, ambitious achievers.

OB PROFILE: The job involves providing strategic and operational leadership to a large team of vell experienced young men, involved in the manufacture of a wide range of products — ncluding capsules, tablets, ointments, powders and liquid formulations. Accent will be on ensuring nat business plan requirements are met in terms of quantity, quality and costs, maintaining high tandards of GMP and Safety.

QUALIFICATIONS: Post Graduate or Doctorate in Pharmacy with wide experience of the Pharmaceutical Industry.

REWARD: This is a senior level management position, carrying an attractive remuneration package. **Job enrichment/rotation systems in the Company ensure excellent prospects of career progression for high-performing employees.**

AGE: Around 35 years.

Applications with full particulars and a recent photograph should be sent within 7 days to:

General Manager-Personnel
Cyanamid India Limited
Nyloc House, 254, D-2, Dr. Annie Besant Road, Worli, Bombay 400 025

nutrine

A fast-developing company engaged in manufacturing a wide range consumer products, requires a dynamic:

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We are looking for a qualified candidate with at least 10 years' experience in a public limited company at the level of Dy. Secretary Secretary. Preferably one who has handled public issues and who is around the age of 40 to 45.

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The incumbent must be an OUTSTANDING PROFESSIONAL with indepth knowledge of domest electronic markets, **sound commercial acumen** and capacity to manage & **lead** a dynamic tea of marketing professionals to achieve target-volume and profits. The ideal candidate would be a Engineering Graduate with post graduate Management Qualification and about 15 years releva experience out of which atleast 5 years should have been in a responsible managerial positio Preferred Age Group: 35-40. Code: MME/MDS/39.

Emoluments will be attractive and comparable with the best in the industry. Apply within te days with detailed biodata and contact telephone numbers to **K Shankar Raman, Regional Manag** marking envelope and application with appropriate job title and code.

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client is a well established and professionally managed organisation, **PART OF AN INTERNATIONAL GIANT.** The npany manufactures and markets mass consumer products, has a substantial turnover and ambitious expansion ns.

incumbent will be responsible for formulating systems for production planning and inventory control, setting produc- plans that are consistent with sales forecast and production facilities; maintaining total company inventories of input erial/finished goods. He will also be responsibe for warehouses at the factories. Should be an engineer and/or MBA about 8 years of similar experience in a multi-product industry of repute. Proven managerial skills and good working wledge of computers are other important requirements. Age: Around 30 years.

position offers tremendous growth opportunities and a highly satisfying work environment. **SALARY PACKAGE LL NOT BE A CONSTRAINT IN FINALISING THE SELECTION.** Please apply **IMMEDIATELY** marking the envelope enclosures with the job title and code: 9143

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(ELECTRICAL TRANSFORMERS)

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Our client, a progressive and fast growing manufacturer of electrical transformers, located in Virginia, USA, is seeking a Senior Transformer Design Engineer.

The successful candidate will be a graduate Electrical Engineer with an outstanding academic record from a reputed institution. At least ten years of hands-on experience in the design of oil transformers (upto 15 MVA 69 KV), dry transformers (10 MVA 35 KV) and Air Core and Iron Core Reactors for industrial power distribution and rectifier duty application is required. Additional experience in Test, Quality Assurance and Field Trouble Shooting will be an added advantage, as will be a Master's Degree in Electrical Engineering and/or Management.

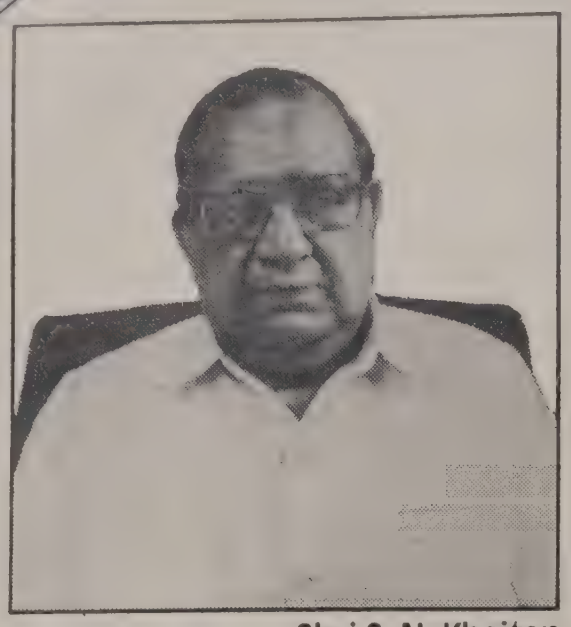
This position is designed to attract the best candidates in the field with demonstrated success. Our client will sponsor and file for the appropriate visa and work permits. A competitive compensation package will be offered, and will not be a constraint for the right candidate.

Applications which would be treated in strict confidence should be sent within 10 days to:

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Post Bag No. 1261
Madras 600 034.

giving full details of qualifications, experience and salaries drawn. Applications and envelopes should be marked with "MS/4416".

Accelerat



Shri S. N. Khaitan

Ladies & Gentlemen,
I take pleasure in welcoming you to the 28th Annual General Meeting of your Company.

The notice convening this meeting, the audited Accounts and the Directors' Report for the year ended 31st March, 1991, have been with you for some time and with your permission, I will take them as read.

RECORD TURNOVER AND PROFITABILITY

In the financial year under review, your Company has maintained its momentum of growth and has achieved yet another remarkable performance despite an environment fraught with uncertainties and economic upheavals.

The Company has recorded an all time high turnover of **Rs. 47.13 crores**, gross profit of **Rs. 6.20 crores** and net profit of **Rs. 2.97 crores**. You will observe that your Company has made rapid strides in turnover and profitability in the last **3 years**. Turnover has increased by **131%**, gross profit by **202%** and net profit by **244%** in the last 3 financial years. The phenomenal growth was made possible by implementation of continuous modernisation, expansion and diversification programmes at its plants, improvement of product quality, optimum utilisation of the financial resources and efficiency of internal controls. I believe that this continuous growth has been made possible, above all, by a high degree of motivation and personal accountability at all levels.

It is a matter of satisfaction that reflects in the **financial highlights** shown here.

CURRENT YEAR'S WORKING

I feel encouraged to inform you that the uptrend in operations and performance has been maintained in the current year. The cash generation in the first **4 months** of the current year was around **Rs. 2.70 crores** as compared to Rs. 1.74 crores during the corresponding period of previous year. It is expected that the current financial year will prove another milestone in your Company's march forward.

DIVIDEND

In keeping with the Company's philosophy of offering high returns to shareholders, the Directors have recommended an enhanced dividend of 30%. Thus, shareholders have been rewarded with a steady growth in dividend in the last four years.

EXPORTS

The Company continued its emphasis on development of exports. Exports grew from Rs. 86 lacs to Rs. 117 lacs in the year under review and is expected to be around Rs. 200 lacs during the current financial year. The Company is stepping up its efforts for develo export markets in the USA, South East Asia and the Far network of Sole Selling Agents and export promotional expected that in the context of ready acceptability of it international markets, the Company's exports will take leap, in the coming years.

MODERNISATION, EXPANSION AND DIVE

The modernisation and expansion programmes at its Ut Nasik units are progressing satisfactorily. The installatio width looms at Uttarpara will enable the Company to me growing demand of paper mills having wider width pape and newsprint mills. The expansion of copper strips facil installation of additional equipment will enable the Com strengthen its presence in the market.

This apart, the Company has ambitious diversification an plans involving investment of about **Rs. 300 crores** over t **4 to 5 years**.

This envisages amongst others, setting up a project for t manufacture of copper and lead from secondary process of Maharashtra. The Letters of Intent in the matter have b and Memorandum of Understanding with foreign collabo been signed. Preliminary work on the project has already and as soon as necessary clearances are received, the pro off.

ISSUE OF PARTLY CONVERTIBLE DEBENTU

As you are aware, the Company has received the consent Controller of Capital Issues for issue of partly convertible of Rs. 20.65 crores out of which debentures of the face va Rs. 13.78 crores has been reserved for the shareholders of Company on rights basis and employees. The balance amo 6.87 crores will be offered to the public.

The debenture shall have a face value of Rs. 100/- out of w will be converted into 2 equity shares of Rs. 10/- each at a Rs. 25/- per share at the end of 6 months from the date of The balance amount of Rs. 30/- shall be redeemed at the e 8th & 9th years in equal instalments. The Company propos the capital market shortly. The Shareholders, who investe earlier rights issue of equity, have been handsomely rewa dividends and capital appreciation. The equity shares of th are presently quoted around Rs. 100/- whereas the equity be offered at Rs. 35/- on conversion of debentures. The iss another attractive opportunity for you to acquire the shar growing company at a low price. I look forward to your co confidence for the success of our forthcoming issue.

THE ECONOMIC SCENARIO

The country is passing through an unprecedented crisis. A major problems are : **a) Foreign Exchange Crunch b) Budg Deficit c) Unemployment d) Inflation.**
It is time for all to think of the nation first. A feeling of nati commitment towards the nation is the need of the hour. G Japan set examples when, by keeping their national intere others, they were able to build their nation to the state wh now. All Indians will have to adopt a positive attitude in bu great nation.

e momentum of growth

Speech delivered by Shri S. N. Khaitan, Chairman, at the 28th Annual General Meeting of the Company held in Calcutta on the 23rd day of August, 1991.

	1988-89 15 months	1989-90 12 months	1990-91 12 months
) (Rs./Crores)	38.69	40.34	47.13
FORE ION (Rs./Crores)	4.11	4.34	6.20
ANNUALISED)	20%	25%	30%
	8.14	9.57	11.30
JE PER SHARE (Rs.)	25.70	32.88	41.35

the new economic policy of the Government, in line with hanging politico-economic scenario throughout the sated to dismantle the regulatory regime and eliminating bureaucratic procedures. This is a positive step in the on. It will certainly help in healthy growth of Indian nd inculcate the spirit of competitiveness both in the d the international markets.

o reduce fiscal deficit to 6.5% of G.D.P., prune fertiliser n non-plan expenditure of the Government, are laudable. e budget for 1991-92 lacks **integrated fiscal policy** support the series of trade and industrial policy reforms by the Government.

all that in my 1988 address, I had cautioned about the act of unfettered imports. While the recent measures like of the rupee, liberalised industrial policy and budgetary e expected to provide a boost to exports and expedite evelopment, the scope of taking full advantage of such will remain limited in the absence of such a policy. In 1966, was devalued to increase exports, the country lacked the nfrastructure to make full use of it. Today we are exporting tems and therefore can make much better utilisation of nity. **I feel that with this measure, along with the s contained herein, exports will increase and the value of se in next 3 to 4 years.**

ary proposals of reducing depreciation rate on general achinery from 33.33% to 25% and increase in corporate tax rove counter productive and defeat the objective of cal upgradation, global integration and international eness. Devaluation of the rupee, increase in borrowing ed by reduction in depreciation rate would directly on capital investment required for technological n and put Indian industry to a competitive disadvantage in tional market.

stry till now has been greatly protected. With the new olicy wherein we have to compete with foreign companies country and also to increase the foreign exchange earnings, most of the industries in India have to upgrade their plant and machinery by acquiring latest technology and equipment through imports. Some will require only selective import of machinery/equipment to balance their existing lines to compete successfully in the international market.

The positive effect of devaluation will increase exports only by offering products of International Standards and by adhering to delivery schedules. Towards this end, the Government should consider **treating import of plant and machinery for upgrading Technology and Quality on a similar basis as they do for advance licensing of import of Raw Material meant for Export with a value addition of 33.3%.** In case of capital goods import, the importer has to earn 200% added value in 4 years time i.e. 50% per year. Treat the import of such capital goods on the same footing as the Advance Licensing for Raw Material. This will benefit the nation in two ways : Firstly, it will upgrade our technology and thereby improve the quality of our products and put the Indian Manufacturer/Exporter at par with those in developed countries, resulting in more Foreign Exchange inflow. Secondly, the domestic consumer shall get a better product.

The other important **incentive to expedite industrial development and to get the benefit of free licensing procedure, is an investment allowance** which can offset the loss which industry incurs by way of higher corporate tax and reduced rate of depreciation. Without an investment allowance, it will not be possible for industry to meet the increased cost of plant & machinery and it will be difficult for the entrepreneur to avail of the opportunity of free licensing scheme introduced by the Govt. of India.

A minimum of 20% investment allowance on new machines incorporating the latest technology is imperative to neutralise the adverse impact of devaluation.

As for unemployment, I feel the Government should form a committee comprising engineers, scientists, bureaucrats and businessmen to suggest industrial units that can be set up with low investment and greater employment potential on the lines of ancilliary units in Japan. Today, in any industry, the investment for employing a person comes to around Rs. 5 lakhs. Industry in this country cannot afford to create employment on a large scale at this level.

ACKNOWLEDGEMENT

Before concluding, I would like to place on record my appreciation for the co-operation and assistance received from the Central Government, Governments of West Bengal and Maharashtra, All India Financial Institutions and Banks, our personnel and my colleagues on the Board. I would also like to thank the Shareholders for their continued support and confidence in the Company.

CALCUTTA
DATE : 23.8.1991

S. N. KHAITAN
CHAIRMAN

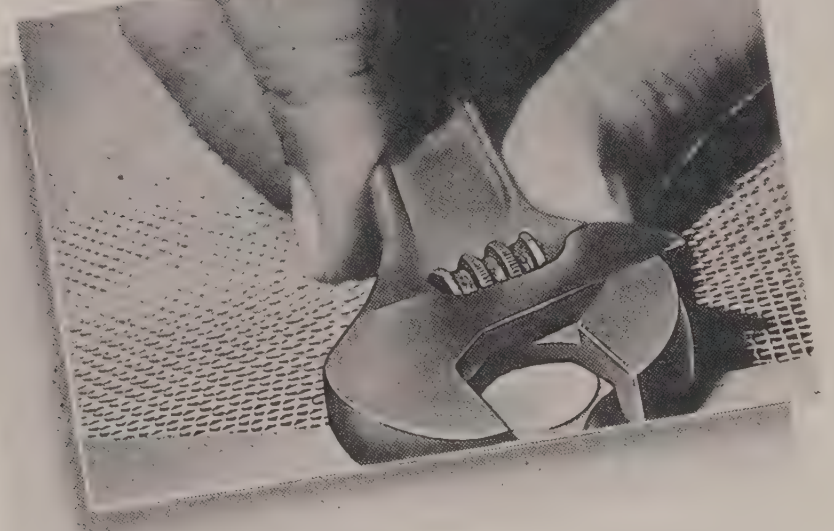
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We are proud to say that a fourth of ACC's skilled workforce has been trained by us. That we train competitors workmen, and foreign technicians.

A measure of the importance we give to technical training is the information assimilated by us from our association with Lafarge Coppee, France for updating entry level training techniques.

We have the experience, equipment, pilot plants, workshops, laboratory facilities and infrastructure to ensure the highest quality training for plant operations and maintenance.

RCD

Research & Consultancy Directorate,
(A division of The Associated Cement Companies Limited)
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Thana 400 604, Maharashtra.
Tel:593631. Cable: ACCRESERCH
Telex:011-72190 CRS IN & 011-72326 CRS IN
Fax: (022)-508962

ng over from Bergvelt is . **Rensma,** the managing di- r of Peico tronics and tricals Ltd. He earlier presi-, Philips Light- – Asia-Pacific, based in Taiwan.





daCunha Associates Pvt Ltd, which recently saw an exodus of senior managers, has announced a top-level appointment. **C. Ravi Prasad**, who takes over as vice-president, has 15 years of marketing experience.

ing been with ps India for 27 years, **atnaik** handles plete operal responities in his new as director and or vice-ident, industrial electronics and housing and physical distribution sion.





A.S.Thiyagarajan, formerly vice- president, Citibank, is now the area executive, International Banking and Finance for India, Sri Lanka, Bangladesh and Nepal. IBF is a new division incorporated by combining the Investment and Institutional Banking group.

deep Kapoor, iously chief exive, Buckau f, has assumed rge as managing ctor of Cemin- Ltd from M.R. ja, who con- es as chairman.





Recently promoted as executive director of Wall Street Finance Ltd, **S.A. Parekh** will look after hire-purchase, bill discounting, leasing and other financial services.

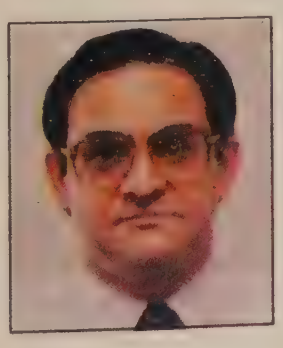
b India Ltd has w managing di- or. The new irman of Esab's operations and ector of Esab dings Ltd, UK, ch owns 40 per t in the Indian npany, **Jim Wilkinson** has impeccable dentials.





P. Tripathi has been appointed the new senior vice-president (works) in Bhansali Engineering Polymers. He was previously vice-president (projects).

king over as ditor, corporate airs for Ranbaxy boratories Ltd, is . **Topa**. He was lier general manr of the fibres dision, ICI India d, Bombay.

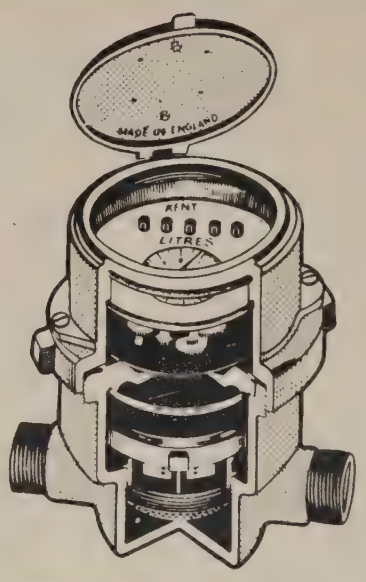




Indo-Rama Synthetics (I) Ltd has a new vice-president, **Kamlesh Gagrani**, who moved over from National Rayon Ltd. He will be in charge of finance and projects.

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tting together



na, 57, is principal of Administrative llege of India, Hyderabad

us be together", says the motto the ASCI, set up 31 years ago at ad. This line, taken from the a, quite aptly epitomises princi- Sinha's contribution to the col- place where minds truly get

on 2 November 1934, Dharni- sad Sinha went from a child- Bihar to a doctorate degree at is University in the US. On the was a recipient of a Fulbright ip and others from IDRC, at nd UNIDO. He held visiting pro- ips at international institutes East-West Centre at Hawaii and hington University.

in India, Sinha has served on ental bodies, like the Planning sion, ONGC and Air India, and oards of corporate bodies like Labs. In a sense, his work has synthesis of two worlds — c and management. And all who to contact with Sinha profes- admit the cogency of his innova- s.

's experiments have dealt with His first laboratory was the nstitute of Management at Cal- nd then ASCI, where the experi- became bolder. He was instru- in elevating behavioural studies to the status of a scientific discipline in India. He says, "We brought in the concept of behavioural science and built it into the Indian concept of 'organised development'."

Sinha remembers a time, in the early seventies, when he had to convince companies about executive development programmes. These included giants like Tisco, ITC and HMT; but soon certain key people like Russi Mody were returning with requests for more tailor-made programmes. And gradually thereafter management development became an essential part of the Indian corporate ethos.

Sinha has also modulated his management knowledge to suit non-corporate areas like education. His pioneering exercises in Calcutta prompted ASCI to invite him to set up its education department in 1975. After that he helped set up the Royal Institute of Management at Bhutan, the Nepal Institute of Management, the Bangladesh Management Centre among others.

Sinha returned to ASCI in 1986, this time as principal, to introduce several innovative training programmes. These included one for officers and ministers during Rajiv Gandhi's regime, to "acquaint them with new decision-making skills." Also, early this year, the Commonwealth Secretariat sponsored a programme for creating managerial skills among diplomats.

In his five-year tenure, Sinha has raised Rs.2 crore for various professional chairs at ASCI. He has nurtured ASCI from a national to a global centre, not the least because he is concurrently president of the Association of Management Development Institutions in South Asia. "We have moved from being a college to a *collegium*," he says.

Sinha's aim is to make the people who matter in government realise the significance of management. For, as he says, "India is not under-developed but under-managed."

■ MEERA SHENOY

FRONTRUNNERS



"The one-year training I underwent at DCM Ltd was as good as an MBA course; or even better, because of the hands-on experience it exposed one to," says **Rohit Gandhi**, 30, regional manager (western region) of DCM Data Products, the first Indian company to manufacture computers indigenously. A BE in electronics from Punjab University, he joined the company in 1983. In 1984, he was transferred to DCM Data Products, a subsidiary, as officer on special duty.

Gandhi ensures the company keeps pace with an annual growth rate of 40 per cent in turnover. "We made sure dealers sold 35 per cent more than last year," says he.

■ S.C.



At 17, **Uttara Vaid**, assistant risk manager at Tata Risk Management Services was the youngest to join the Insurance Institute of India, the country's prestigious school for insurance managers. And at 21, she was the youngest to be awarded a fellowship diploma; this, while pursuing her B.Com degree at Bombay University.

Vaid was among the top ten who received the prestigious international Minet scholarship offered by the Institute of Risk Management, UK.

Now, at 26, Vaid's day-to-day activities involve offering consultancy services to a host of companies besides the Tata group on how to minimise risk by improving safety standards. "I also find time to lecture at the Institute of Risk Management," says Vaid. "I wish to adapt the principles of risk management practised in the West to suit the Indian environment."

■ S.C.

The T



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ɔed of roses

nothing is this city known as the rose capital of India

go into raptures over roses in Bangalore, Lucknow and t if you're really *serious* about ıe is the place for you. For that s more roses than the rest of together; small wonder then le call Pune the rose capital of

, there were just two nurseries oday, there are 150 doing commercial n roses. These cover 0 acres under culti- ıd together produce ɔ 400,000 cut roses a something like 3 to nursery-grown rose our of the nurseries — approximately ach. One of these is Roses, which you beyond the winding f Ghorpuri. The e smaller, and usu- found on the city's

makes Pune the fo- of rose cultivation? ate, for one, is ideal. lkarna, a large nurs- er, explains, "For he year, it is cool and there is a ly good monsoon with enough ver. The soil is also fertile and black in some places."

all, commercial considerations he growers' preference for the ɔkarna, chief patron of the All se Federation admits that, "It is ɔre profitable to grow roses than es or fruits." His 18-acre nurs- ,500 varieties, and produces 500 owers daily.

hniques

-member Rose Society of Pune, in 1962 with Jaywantrao Tilak lent, has been doing its bit since beginning to encourage new ues. It has introduced growers to ilisers and techniques of cross- g with imported strains.

Pune-grown roses find their way to markets all over India. For example, Suresh Pingale, president of the Rose Society and vice-president of the Indian Rose Federation, says that he sells on a wholesale basis to other nurseries in Maharashtra, Gujarat, Madhya Pradesh, Karnataka and Andhra Pradesh. Cut roses go to the Pune and Bombay wholesale markets, from where they are dispatched countrywide. Daily auctions are held in the Pune wholesale market with rose prices fluctuating from Rs.2 in the monsoons to Rs.12 a dozen in winter. The total turnover of the rose business in this region exceeds Rs.1 crore.

This is a labour-intensive business — each acre requires 20 workers, making it a total of 3,000 in the industry. Another 5,000 are engaged in producing cut roses in Pune alone. Wages range from Rs.700 for an unskilled worker to Rs.2,000 for a skilled labourer who does grafting, budding and so on.

Perfection itself

It takes about a year to grow a rose plant before it is ready for sale. The life of a plant is about seven years. Under Pune's climatic conditions, the rose plant flowers round the year and is capable of producing 100 flowers annually. In the monsoon and summer seasons, though the number of flowers produced is much larger, the quality isn't so good. In winter, the plant may produce just one flower in a week, but that is often perfection itself.

Varieties abound. Fifty new ones are added to Pune's rose range every year. "We keep a watch on the market to see which are the most popular," says Pingale. Gladiator, Black Lady, Gold Medal, Landora and Bill Crosby are the current favourites. While reds are perennially popular, yellow and black roses are doing well too right now, according to Pune's rose growers.



Pingale: keeping a watch to see which varieties are most popular

Pune doesn't export its roses. The quality, Pingale concedes, is not yet on par with that available abroad. To achieve that, Pune's growers need greenhouses; and that means big money. But such facilities are slowly being put up — Jagtap Nursery has a greenhouse at Talegaon near Pune. In the future, hopefully the near future, says Pingale, Pune's roses should find their way into global markets. For now though, business at home is still proving to be quite a bed of roses.

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INDIA

EXECUTIVE CLUB

HTA 7297 A

eyday, brother Vijay more conspicuous, nd talked about. But unger brother **Ashok** j's turn has come. an and CEO of the d Amritraj Entertain- roup, he has been — and quietly — his mark as a movie In the last nine years, pany has produced 15



ud 12 television serials. e among the top ten in- ent companies in Hol- ," says Ashok. His ilm, the $20 million le Impact", featuring l Douglas, is one of the ssers of this year and is d to bring in $70 mil- nother big event in his ently: marriage to cor- tax consultant Chi- , who is also trained as erior decorator. The expected to give a new o their Beverly Hills ce.

wing the Centre's deci- to open the gates a lit- der, foreign investors n may not be big news. nen the head of one of gest makers of contact and solutions turns up derabad — of all the places — people do sit up and notice. So it was a big day for **Gullapalli Rao**, director of the Dr. L.V. Prasad Eye Institute when **Daniel Gill**, chairman, Bausch & Lomb, flew down in his chartered aircraft to inaugurate the corneal center for which B&L has donated $ 200,000. The products of B&L (sales: $1.4 billion), are scheduled to enter the Indian market next year. As a prelude, in keeping with its philosophy of ensuring "safety of the lens wearer by training the fitter", the US giant held the first of its many training programmes at L.V. Prasad.



Jaya Jhaveri is one lucky lady. She's doing something she "has always liked doing" and "getting paid for it too". Painting, that is. A Bajaj Institute management graduate, she was on a warm wicket at Blowplast's Leo Toys and doing "very well" as assistant marketing manager, but she chucked it last year to become a full-time painter. And well she did, if the reaction on the opening day of her third exhibition in Bombay was any indication. Family friend and guest of honour Hrishikesh Mafatlal, president of Mafatlal Fine, was impressed enough to pick up two paintings, both landscapes. So were Elizabetha Kerkar, senior vice-president of the Taj group of hotels, and Gautam Rakshit, CEO of Avenues Advertising.

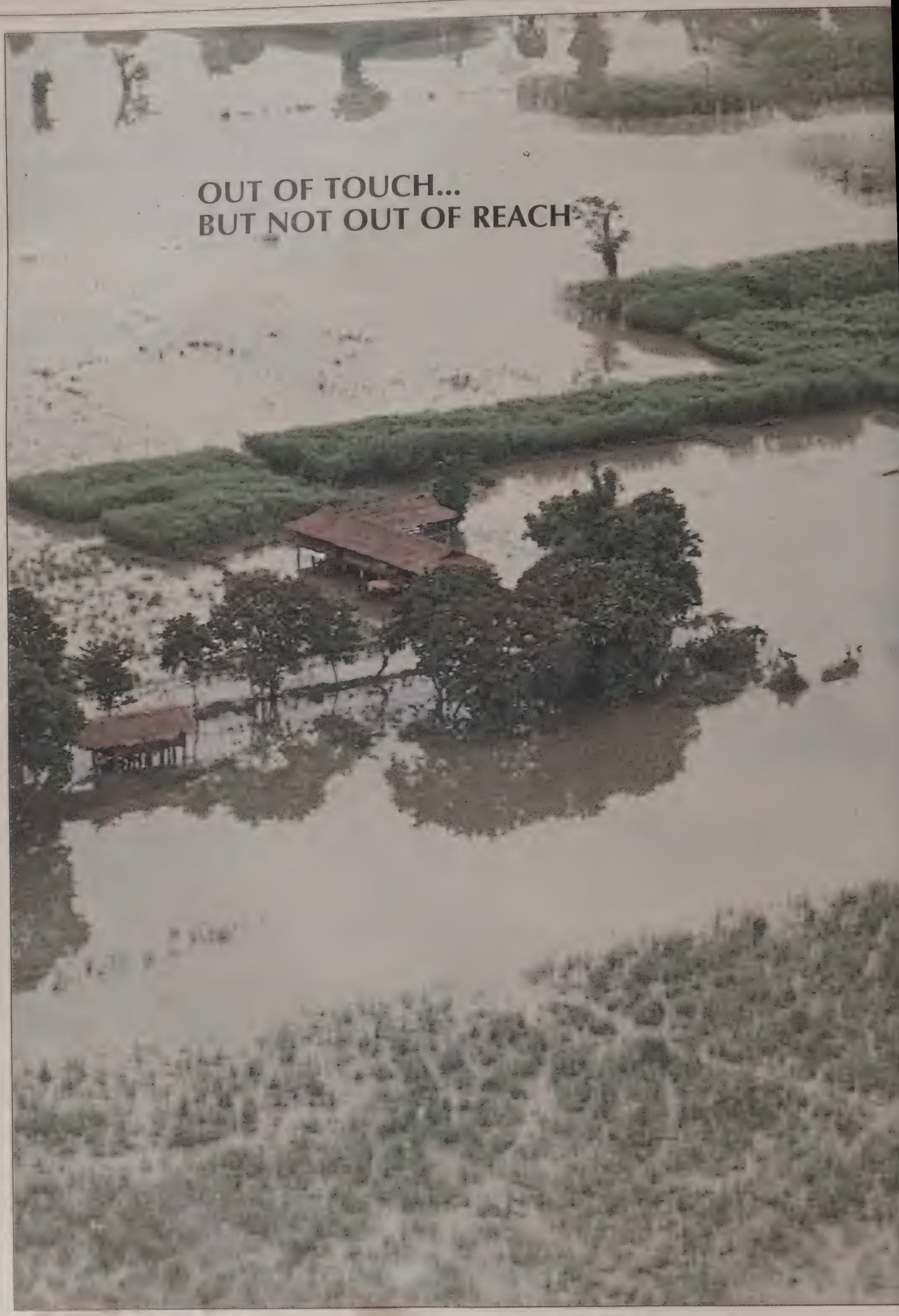


Diversification plans were not revealed; neither did shareholders come up with any awkward queries. For this was a different kind of AGM Present were some of the 130 members of the **Cambridge Society**, a collective of Indians who have studied at the premier university. The exclusive list includes economists like D.R. Pendse, industrialists like M.S. Patwardhan (vice-chairman of NOCIL, R.D. Aga (managing director of Thermax), J.M. Chagla (managing director of Mafatlal Dyes) and Ajit Singh (CMD of Associated Capsules). A corpus fund set up by these members helps send bright youngsters to Cambridge.

Marriage and birth anniversaries may be *de rigeur* but ever heard of celebrations for the silver jubilee anniversary of a business partnership? Well, that is exactly what **Harsh Goenka** and his RPG Enterprises have lined up this week. For starters, there is a dinner in honour of B.G.Rethore, president of US-based Phelps Dodge Industries, which has links with two RPG companies — it is Asian Cables' collaborator and has



supplied the technology for Phillips Carbon Black. At another function organised by the Asian Cables Foundation, Rethore will present the K.P. Goenka Memorial Award for Environment for 1990. "We haven't planned anything flashy," says the youngish chairman. "Just a quiet get-together to celebrate what has been a very successful partnership."


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HTA 7348

We can't allow unhindered access

What is the agenda before you?
Earlier our role was to comment on and criticise various government regulations. Now the government has set us free. It is now up to us to live up to the expections of the government.

Are you happy with the details of the deregulation proposals?
These dramatic changes will take time to percolate down to the lower levels. However, as long as there is clarity of purpose at the top, I see no problems in implementation.

Won't the bureaucracy scuttle these changes?
There will be resistance. However we have seen much worse. Things were much more regulated in the past. Government is now more willing to talk with industry. The Exim Scrip is an example: we wanted the 30 per cent replenishment to be changed to give more incentive to higher value-added products. Now they have made it 40 per cent for some items.

What are the prospects for foreign investment?
Very little in the short term. India has been like a wall with very small holes. As of now a country like Indonesia is more attractive. The policy changes made now have to be understood by foreign investors. Later, this understanding will have to be translated into investment decisions. Also you must remember that capital is in short supply around the world.

Are you happy with the extent of deregulation?
Yes, but we would have liked to see more. Everything other than defence should be delicensed. There is, for instance, no need to have licensing in automobiles.

Should India join the Paris Convention, given our position on patents?
As far as intellectual property rights are concerned we have a problem only with drugs and pharmaceuticals. We should publicly declare that we will fall in line with the Paris Convention in a specified time frame, say 10 to 15 years. The ultimate solution is to raise incomes so that people can pay higher prices for drugs. Now they can't do that.

What about other constraints in foreign investment such as paying dividends out of export earnings?
Foreign investors must accept that they will have to balance dividends out of export earnings. The government's stand in this regard is quite reasonable. At this stage of our development we cannot allow unhindered access to the domestic market with no export obligations.

What impact will the break-up of the Soviet Union have on us, considering our past dependence on them?
It will hurt us, not only because of disruptions in defence supplies and existing trade ties but also because international investment might now get diverted to the former Soviet Union. The western nations have a cultural affinity with the east Europeans which may work to our disadvantage.

What are export prospects like in the medium term?
Exports will not go up for at least a year. Industrial growth has been negative over the last month. We don't have an export surplus unless we squeeze domestic consumption. That may not be possible.

Won't the poor state of our infrastructure hurt industry?
Lack of coal and power will h
investment and exports. An i
solution may be to privatise t
Indeed we could convert the n
ports into free ports. Now ma
time to implement the Raunac
committee report.

**What kind of an exit policy wo
like to see? Would you consid
weakness in the current refor**
Government, labour and indus
have to consider some solution
could have an insurance scheme
which all three contribute and s
jointly. Tripartite discussion wit
labour is needed to convince the
a rational exit policy is ultimate
their own interest. In the long r
in labour's interest that industry
competitive.

**What are the most immediate
problems that you will be facin**
Inflation is the greatest cause fo
concern. Accelerating inflation
lead to a devaluation-inflation-
devaluation spiral as in Latin A
The other reason is that as long
rates of inflation persist, the RBI
maintain its tight money policy.
will hit production. It is a viciou
More production is the answer t
inflation. But you can't have mo
production as long as money is
as long as inflation is high.



V.L. Dutt, nev
elected preside
FICCI, spoke
Bodhisatva Gar
of **Business Ind**
a wide range
issues

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INSIDE

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A survey of the auto industry

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From the Publisher

This is the second year that we are publishing the Business India Super 100 — our list of India's most outstanding companies. We do not look just at turnover, or assets, or profits, but a combination of all these factors and others, like market capitalisation, to arrive at our rankings.

While drawing up this list we have necessarily had to adopt some minimum criteria — such as only public companies were considered or only companies with a minimum turnover of Rs.200 crore were taken into account. There may well be some debate on the criteria adopted, but on the whole our readers will agree that the methodology adopted results in a ranking that is fair.

While producing any list, interesting patterns emerge. Also attention is drawn to particular features. And it is easy to see the exceptions that emerge. One thing that clearly emerges is that almost all our most successful companies are indeed asset-rich. This is not surprising considering all our long-term lending financial institutions are exclusively asset-oriented. Not surprisingly, then, Indian industry has had a rising capital-output ratio over the years. This is in spite of successive governments continuously professing a concern for increasing employment. The truth of the matter is that historically all tax allowances such as depreciation or investment allowance have encouraged investment in assets. By contrast not a single allowance is given for creation of permanent jobs as is common overseas. Similarly, given the fact that till very recently exports gave no advantage, most of the companies on our list are relatively poor performers in this field — though with export earnings being tax-free now, this is expected to change over the years.

Also the fact that there are very few relatively new companies on our list (Reliance being the obvious exception) or companies in hi-tech areas, only highlights the fact that our tax structure and the earlier licensing structure favoured old established money and helped keep out newer entrepreneurs and technocrats. One just has to compare our list with a similar list in the US to bring home the point that the environment created by government in the form of tax, licensing and other laws largely determines the shape business and industry take.

At long last our government, particularly the present government, has woken up to the need to fashion dynamic policies in keeping with modern global business conditions. If these policies do succeed then we are bound to see some very rapid changes, additions and drop-outs, in this list in coming years.

Ashok H. Advani

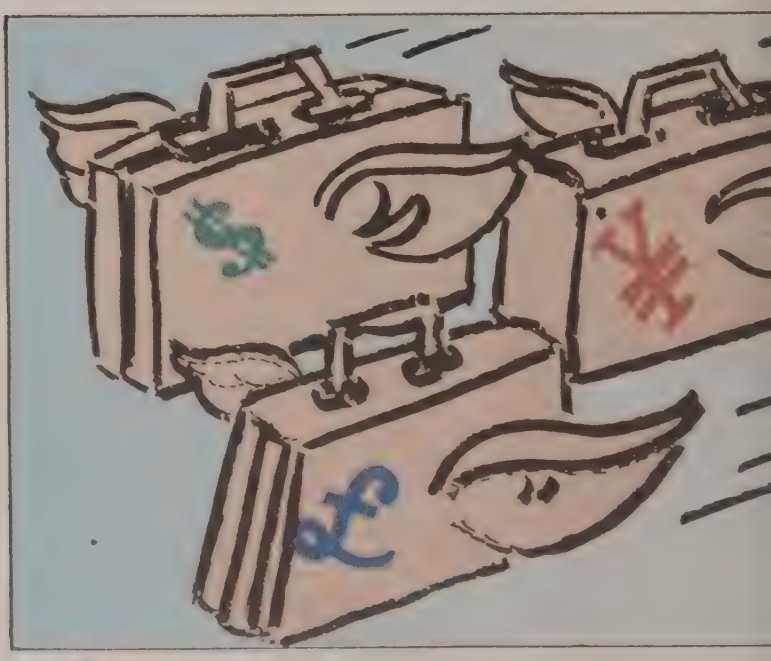
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Eluding stagnation
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- Banks are assiduously wooing NRI investors with a totally new package of services and products
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When not showing the opposition a clean pair of heels Pesi may, on occasion, be seen showing off a more stylish length of leg in a light brown sparkle polyester, wool and silk suit tailored from that other winner, Raymond's "Silverene".

You don't have to be a racing legend to be a Raymond's man. For that matter, you don't even have to be a Raymond's man.

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Letters to the Editor



Distressing jump

While your cover story on the "Second Coming" (Cover Feature, 2 September), was interesting enough, the abrupt jumps were distressing. Also the article makes no mention of the impact of foreign investment on the development of indigenous technology. It is sure to have a deleterious effect.

SUCHETA PATEL
Bombay

Better links

The editorial, 'Four new stock exchanges' (2 September), makes interesting reading. For a dynamic capital market, improvement in the existing infrastructure and communication facilities is the need of the hour. An inexpensive and well-interlinked communication network will indeed be the first step towards 'a paperless society'.

LATHA LAKSHMINARAYANAN
Bombay

Meaningful article

I read with great interest and enthusiasm the article 'Selling middle-class dreams' (2 September). The in-depth study, the objective analysis and the presentation of market-oriented information throw extra light on the consumer durables market as a whole. This combination makes the article all the more interesting and meaningful.

H VASANTHAKUMAR
Madras

The tedious TDS

Besides the problems mentioned in the feature on banking (2 September), the proposed amendment to the Income Tax Act will also result in too great a workload on the income tax department. This is because there will be a good number of extra income tax returns being filed just for refunds of tax on fixed deposits in banks. About how difficult it is to get a refund from the income tax department, the less said the better.

The proposed measure must therefore be dropped.

MAHESH KAPASI
New Delhi

Wrong quarters

You have ascribed the sickness of Toshiba Anand batteries (Corporate Report, 2 September) to the failure of Japanese management techniques. The management of Toshiba Anand has always been with the Anands and not with the Japanese. Though they were the pioneers in metal jacket cells, no efforts have been made either in upgrading technology or taking effective steps to modernise and expand the capacity to become viable in the changing conditions.

Other battery manufacturers, with better foresight, are not in such deep waters, though some of them still follow Japanese technology.

B.R.R. IYENGAR
New Delhi

Agents of change

The banking community survey (19 August) is an in-depth study of great interest. In fact, the commercial banks are trying to reach new heights in their expansion programmes and change substantially the character of their business. These efforts represent a departure from the narrow concept of traditional banking. The new thrust is based on the idea that banking is an active instrument of socio-economic development. Its objectives have to be defined in terms of the needs and aspirations of society.

Today's requirement is that of a new breed of bankers — bankers who do not only dispense credit but create the conditions for its effective utilisation — bankers who are not merely managers of their branches but also agents of change in the community they serve.

Y.N. MANN
Kanpur

Little truth

We regret that the write-up 'Bailing out' (Listening Post, 19 August) states that we have differences amongst us. We are at a loss to understand the motive and the reasons for allowing such unfounded and unverified items to be published in your magazine. This leaves a wrong impression about us among the financial institutions, commercial banks, creditors, business associates and friends.

I.C. SINGHAL, S.I.GOEL,
V.K. GUPTA
Promoter directors,
International Ceramics Ltd
New Delhi

Serious impact

The steep cash margins on imports of butyl rubber has brought almost all tube manufacture to a standstill (Business Notes, 19 August).

At one time, banks were ready to finance tube plants, now they hesitate to give additional loans even to existing plants. This is because both availability of raw materials for tube manufacture and profits from the tube plants are restricted.

At a time when direct employment of 10,000 workers in this industry is uncertain, the import of essential raw materials for every industry, especially when the industry is dependent solely
port, should be ease
hoped that serious th
given in this direction
the entire tube indu
closed down.

RAJAN GUPTA
New Delhi

A mix-up

• Please refer to the w
on Gaurav Dalmia
nessmen in the News,
gust). He is heir
Rs.180-crore Orissa C
Ltd empire and not
Synthetics which is
group company.

BINOD SHARMA
Rajgangpur

Care and conc

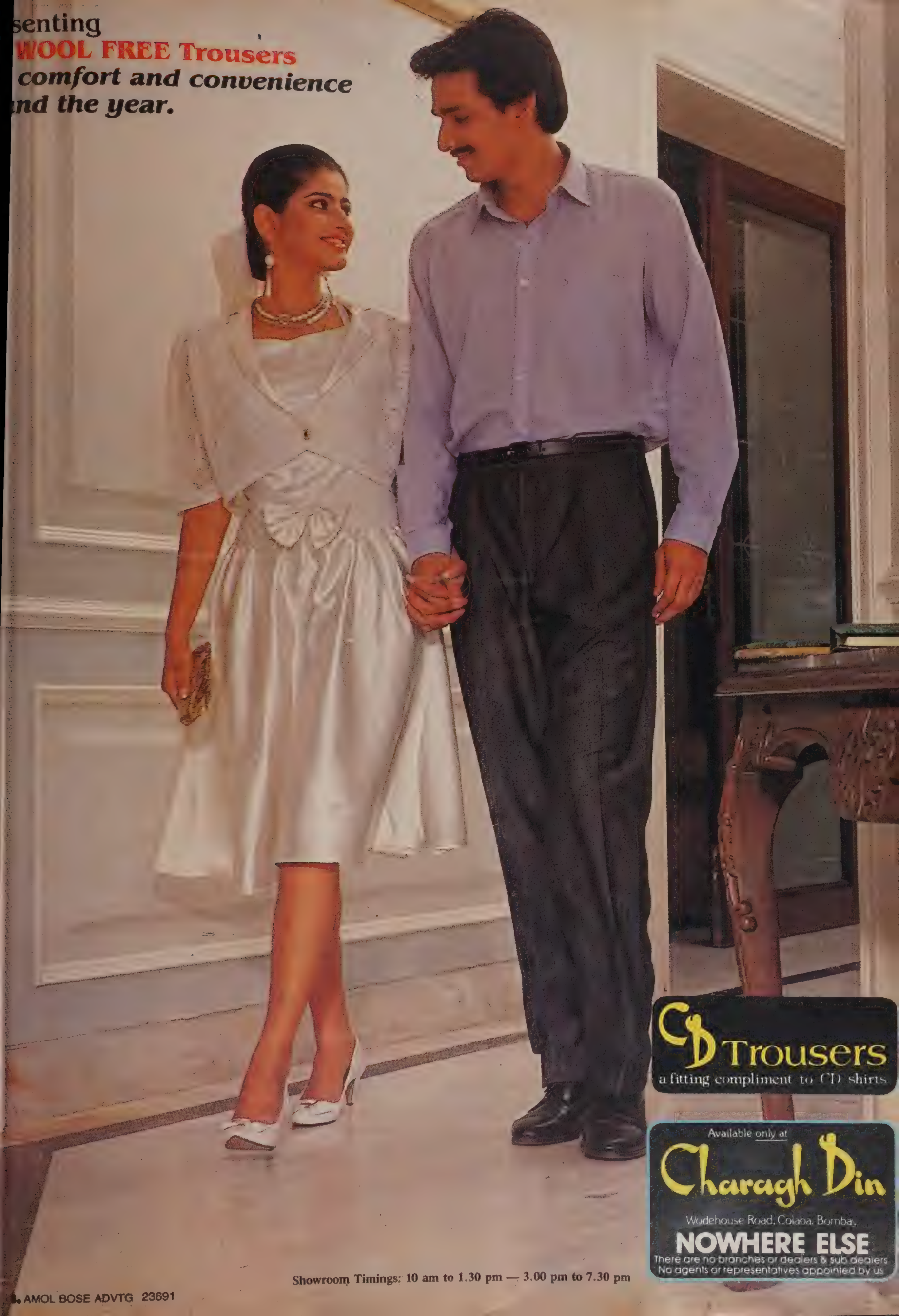
'That personal touc
Mira Savara (5 Augus
cuses attention on th
sponsibility of the
nisation towards its se
members in times of c
When an emotional s
precipitates a traumatic
rosis, an employee los
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in, performance dips.

The elements are so
in humans that their p
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torative milieu. Perform
in such a protective env
ment will have new di
sions of efficacy
efficiency.

A.P. JAYARAMAN
Bombay

Erratum

In Executive Ladder (19
gust), the write-up on S
jan Ghosh should have
Suranjan Ghosh has
sumed charge as senior
ager, corporate deposi
all-India, Standard C
tered Bank. He was earli
nior manager, corp
banking, Bombay branc



AMOL BOSE ADVTG 23691

Larsen uninformation

The casualty in the latest Ambani failure to control Larsen & Toubro is not the ambition of the Ambanis. They will undoubtedly return in due course, if necessary by increasing their stake in the company. It is, partly, the credibility of the financial institutions which have kept their cards close to the chest and left both the Ambanis and (more unfairly) the public bemused about their role.

Meanwhile, rumours abound of deals done in Delhi, opposition by the public financial institutions and forged proxies. The truth, if known, will certainly affect the price of Larsen's share. It is the truth that the public ought to know.

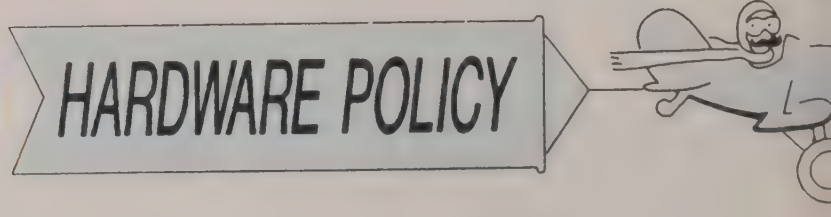
Thus, one real casualty is the public's right to know. L&T is a company in which the general public is substantially interested. Although the company's listing agreement with the stock exchanges obliges only the company's management to publicly disclose material information related to the value of the share, there is a case for public disclosure here that SEBI ought to take up. Perhaps each major participant in the planned takeover, particularly the public sector financial institutions that own about 40 per cent of the company along with the Ambanis, ought to disclose their current level of information.

The second knock is to the independence of the public financial institutions from political interference. Following an uninspiring innings in the eighties, the role of public financial institutions is once again being seen as subservient to political prejudices and priorities. This is a dangerous trend. The government, which is increasingly looking to capital markets to fund economic growth in the nineties, needs to ensure the independence of the public financial institutions.

The third casualty is in the professional role of the i tutions. Even if political interference is absent, the ins tions — given their large holdings in a large numb companies — ought to clarify their policy on takeove they plan to take an activist role of supporting man ment or replacing it by votes rather than just through chases or sales in the marketplace, this should be st If, on the other hand, they intend to be passive invest then this should be publicly stated and followed. If plan to use their voting power to influence manageme strategies in order to protect the company's value, this role with significant implications for existing mana ment. In the Modi Rubber case, for example, the finan institutions used their voting power to control in group lending.

Several of the issues in the Larsen takeover case are culiar to India with no easy solutions or international allels, for example, the dominant role of family firm the large holdings of well-coordinated finan institutions.

Computers: lots to do



The Indian computer hardware industry — computers, components, and communication equipment — ought to be a high-growth industry in India. Huge markets and software development skills should have compounded the benefits of a growing economy and high growth in foreign demand. Instead, the industry grew by 13 per cent in 1990-91, a negative growth both after inflation and in appreciated dollars.

What has gone wrong? The development of the hardware industry has been held back by incentives to manufacture computers at home via cheap access to imported components and a ready export market to the So Union and Eastern Europe. The first factor prever economies of scale since large component manufactu in Taiwan and other countries could always underp Indian component manufacturers. This led to a large tage computer industry based on imported compon but was of no advantage to the organised sector — tho of great benefit to consumers (the real price of a PC c patible is down by over two-thirds since 1986).

The second factor, a ready market to rupee curre areas, was used by local manufacturers to fulfil exp

s and earn replenishment licenses. It did not develop rand-names or permanent markets via improved at- s to quality since these markets were protected. This et has now disappeared.

e realisation has finally set in at the DoE that the puter hardware industry is import intensive world- . This is because of rapidly changing technology n puts a premium on access to the best technology here in the world. It is finally being accepted that cannot develop competitive hardware by importing ology at a particular point in time and taking it up enously from there. This policy has only resulted in ing technology at the start-up date. This is exem- d by the GoI-owned minuscule (no pun intended) which — until it got burnt down in 1989 — was mak- bit microprocessors and plans to continue doing so the plant returns to operation. This while the world moved on to 32-bit microprocessors.

similar story can be told about 4-layer printed circuit ds, the import of which was banned to promote local ufacture. As the requisite quality is not available at e, it has led to smuggling.

e only way for the hardware industry to grow is to leverage access to international technology with local engineering skills and domestic markets. There is a growing international recognition that Indian software and design capabilities are excellent. With a duty-free structure paid for by foreign equity or Exim scrips, there is every reason to expect that both Indian and foreign manufacturers will scramble to invest in India. Such a policy has helped Thailand's and Malaysia's electronic industry export 50 per cent of their production within five years of starting off (despite a shortage of skills) compared with 11 per cent for India and an Eighth Plan target of 17 per cent.

What then will happen to the DoE? While its secretary seems popular with the industry, the fact is that the DoE's current talk of institutionalising the industry to gear it for manufacture and globalisation is no different in content from the jargon of the sixties and seventies. Such talk should end. The DoE should restrict itself to promoting computer education (via improving its shoddy CLASS project), setting quality parameters by which the industry's products are rated, propagating Indian markets and skills abroad and promoting improved infrastructure via technology parks. There is lots to do. The rest should be left to the industry.

entre-state relations



mil Nadu chief minister Jayalalitha believes in calling spade a spade. The centre, she feels, is too casual at Tamil Nadu's resource requirements.

such a statement had come from an opposition chief ster, it would have been dismissed as political rheto- Most states do not exercise fully even the powers that have. For example, mining rights come (concur- y) under the state's purview. Yet the centre has rou- y used industrial policy to allocate this right. Indeed, s ought to, but do not question the ongoing process rogation of their powers by the centre (begun under ru and continued by Indira Gandhi).

amil Nadu's situation is peculiar. The close relation- with the centre and the state came to an end in 1967, n the scdmk came to power. The DMK in its early days e a path of confrontation with the centre which did do anybody any good. The DMK was replaced by M.G. achandran and the AIADMK in 1977. MGR believed in g along with whichever government was in power at centre. Cosying up to the centre also did not help. The rn to power of the DMK in the state in 1989 coincided the most unstable period in the history of the country. The DMK was preoccupied with the LTTE as well.

Now Jayalalitha has provided the centre with the number of seats it cannot afford to ignore. Nor can it detach itself from the kind of compulsions she faces as a leader with a massive mandate. In the short term, the centre cannot do without Jayalalitha and in the long term, she cannot do without the centre.

Unlike her mentor MGR, Jayalalitha understands very well that to really improve the standard of living of the people of the state, she has to create employment opportunities. To achieve this, rapid industrialisation is a must. She also comes across as a chief minister who is genuinely committed to this cause.

Here is where the problems arise. Today one may not have to run to the centre for licences, but the influence and the power of the centre is all pervasive. Any state which wants to push ahead in industrialisation is benefited if there are at least a few mega projects. Tamil Nadu's indus-

trialists have become well known for their reluctance to invest in Tamil Nadu in any substantial way after the sixties. The Rs.1,800-crore joint-sector aromatics project which was expected to be a catalyst for downstream industries, received the approval of three successive prime ministers, but is yet to receive final clearance. The power-short state would like to invite private partners to exploit the abundant lignite deposits in the state. Although the Electricity Act has been passed, the centre has yet to allow the private-sector to enter mining. The state does not have a super thermal power station. The proposed atomic power project also needs central clearance. The state also has not attracted any major defence project for a long time.

Even if the state is able to attract new industry, its fruits would take many years to show. Jayalalitha has to also please her huge following by continuing the trad handouts. And fulfilling her promise of abolishi liquor. She also requires a sizeable infusion of tackle the security problem caused by the LTTE in All this requires a lot of money. There is a total d Rs.1,200 crore. The state clearly expects the c come to its rescue.

But will the centre be able to do so considerin itself is in dire financial straits? And how shou alalitha handle her relations with the centre? Sho continue to call a spade a spade or become submis her predecessors? The only answer to all these trick tions is that there should be more autonomy, fis otherwise, for the states. To allow them to be more trol of their fate. Then they might learn to be less gate as well. But who will bell the cat?

Is kerb trading bad?



It is true, as yet another panel on stock exchange reform has declared, that kerb trading is illegal and, therefore, ought to be strictly banned. The implication of this statement, that the BSE and CSE authorities have turned a Nelson's eye to kerb trades, is also true.

The volume of kerb deals is typically low (less than Rs.5 crore per day compared with an official average of over Rs.200 crore on the BSE).

So what's wrong with a little kerb trading, ask brokers. The problem is that kerb deals tend to be active just when they have the maximum potential to hurt investors. For example, when the finance bill was passed recently on a Saturday, kerb rates rose over the weekend. Thus, smaller investors were denied the opportunity to purchase shares at the lower rates available to kerb dealers through the weekend.

One can quickly dismiss the other major complaint against kerb trading — that it allows prices to be rigged on thin volumes. This does not hold given that a maximum of five scrips tend to be quoted on the kerb on any given day. In fact, the prices of the two most actively traded scrips on the kerb in recent times, Tata Steel and Reliance, have been among the least volatile of shares. For example, through August, Tata Steel moved between Rs.233 and Rs.246 (a spread of less than 6 per cent), while Reliance moved between Rs.176 and Rs.194 (a spread of about 10 per cent). During this same period, the BSE Sensitive Index moved between 1630 and 1845, a variation of over 13 per cent.

What needs to be done? "Strictly banning" kerb deals as the report suggests — even if effective — is a case of tackling the symp- ton, not the problem itself. The fact is that market respond primarily to information about the eco When information flows fast and thick, as in recent prices will move on the kerb (if possible) or, if kerb t is impossible, almost instantaneously to a new leve the market opens. Either way, smaller investors a likely to get the benefits of these price movements

Increasing the hours of floor trading beyond t rent two hours has not worked in the past becau umes tapered off sharply. The solution instea promote off-market trading after hours via quo computer screens. If communication facilities can proved, there is no reason why this should not be itable activity for stockbrokers.

The globalisation of financial markets has mea trading hours in other countries extend almost rou clock. This is an inevitable trend caused by flowing information. The government should rec this by promoting investor access to markets for periods. The disappearance of kerb trading will fol its own.

ome of our frequent travellers annot even read



Lufthansa

In the top slot

In terms of the number of daily newspapers, India occupies the top slot in the world — 1,978 newspapers are published daily. The US ranks second with 1,657 dailies and the USSR third with 723. As many as 37 Indian dailies are over a century old and the *Mumbai Samachar*, which is now in its 170th year, is the oldest Indian newspaper in circulation.

Uncaged virus

The "caged tiger" that is India, has been described as a "sleeping giant" by US representative Jim McDermott in an altogether different context. McDermott was referring not to India's economic potential, but the country being a fertile breeding ground for the deadly AIDS virus. In recent months, official estimates place the number of infected people at between 300,000 and 400,000. McDermott thinks that is a gross understatement and would place the figure at closer to a million.

The chief carriers are the prostitutes in Bombay who he reckons infect 600 people every month. The World Health Organisation has predicted that by the end of the century, 90 per cent of the estimated 30 million victims will be in South Asia and South-East Asia.

Environmentali in space

The Greens want to o out of space now. Bac by the US space agen NASA, a multi-nation satellite information gathering system on t earth's environment c the Earth Observing S Data and Information System has been set u EOSDIS will use the firs polar satellite to be launched in 1998 alon other platforms launc by Japanese and Euro agencies.

For 15 years thereaf these satellites, using a cross section of sensor will provide data at th of a computer key to thousands of researche around the world. To ensure that the data is tampered with, it can o be read.

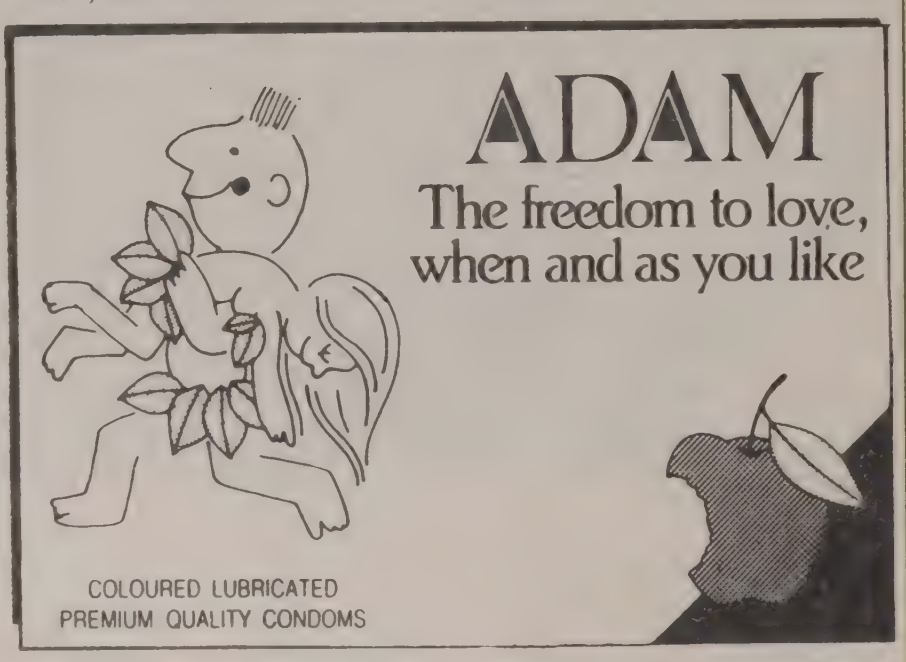
Flat campaign for tiles

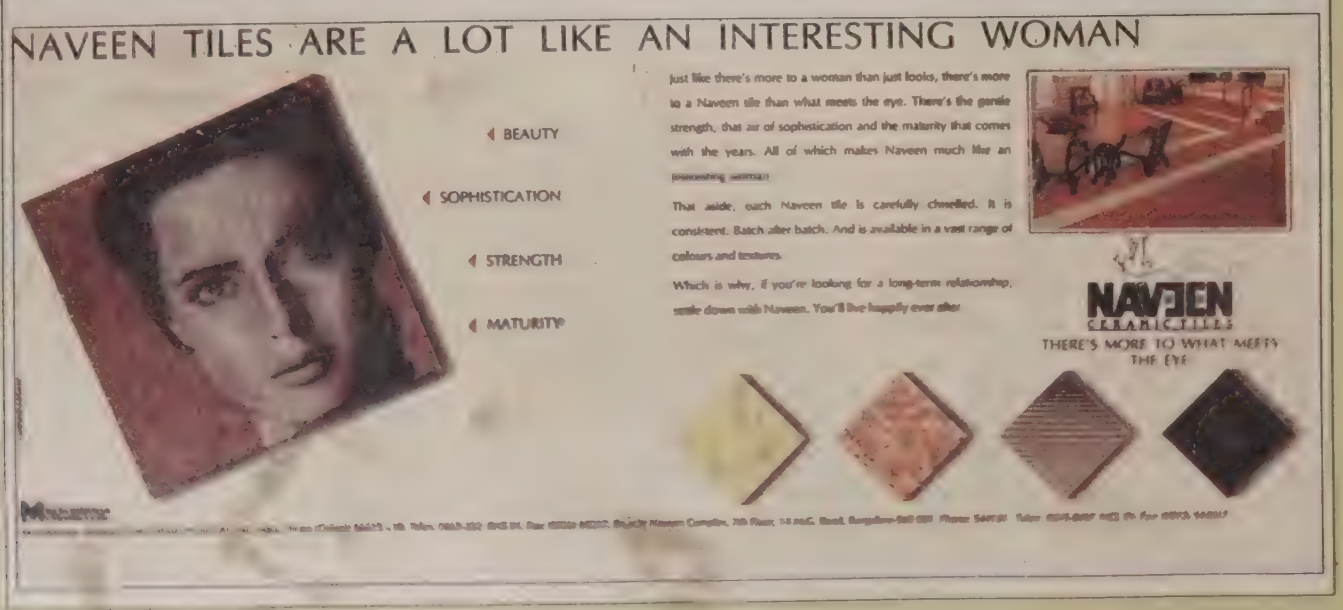
The Adam condom campaign has been creating a furore among feminists with lines like "Show her who's the boss" and an illustration of a man dragging a smiling woman by the hair.

Now, hot on its heels is another sexist ad that attempts to compare files with the female species. "Navneen Tiles are a lot like an interesting woman," declares the headline. And in case you're wondering what they have in common, consider the statement that both have "beauty. sophistication, strength, and maturity". Which is why, the ad advises, "If you're looking for a long-term relationship, settle down with Naveen." Of course, each Naveen tile is "carefully chiselled" and "consistent, batch after batch".

Amazing that Murudeshwar Ceramics Ltd, makers of these tiles, and their agency Clarion, forgot to add in their list of skewed similarities: "What's more, you can step all over them..."

M.S.
Bombay





Where is the fire?

The fire ravaged Indian Petrochemicals Corporation Ltd plant Nagothane and the Semiconductors Ltd u Chandigarh cost Rs.10 crore to rebuild. But ev today Indian safety standards are far from adequate.

Consider the ratio o detection systems to population. There are 100,000 fire alarm syst in Norway which has a population of 4 millio 800,000 fire alarm syst in the UK which has a population of 60 millio 1.2 million fire alarm systems in Japan whic a population of 210 million; and only 100,0 smoke detectors in Ind which has a populatio between 800 and 900 million people.

more, work less

ficiency-conscious
ese should take a



second look at their priorities, urges that country's Ad-Hoc Council For the Promotion Of Administrative Reforms. Its improbable sounding name notwithstanding, the council's findings, which were submitted to prime minister Toshiki Kaifu, are all too probable: that Japanese workers pursue productivity at the cost of their family lives.

The council wants the government to de-emphasise corporate profitability and focus on the family. It suggests that a five-day week should be introduced for workers and students alike.

aring the air

ng in mind energy
s and mounting air
ion, the French have
hed the "clean car"
amme — an ambitious
ct that involves de-
cing 13 million
es. The programme,
hed in early 1990 by
ult and Peugot-
en(PSA), will cover a
of eight years and cost
illion francs.
nile all technical
bilities are being
red— substitute fuels, gas turbines, hydrogen engines and fuel batteries— hopes are centred on the electrically powered engine, first for city use, and then for use in the countryside. The French Electricity Department has ordered 250 such vehicles for use at nuclear power plant sites. The vehicle attains a speed of 90 km per hour, but it has to be recharged after covering 100 km. Also, for the common man the cost would be prohibitive: 30 to 100 per cent more than that of the petrol-driven ones.

ar drama

smen accompanying
rime minister on his
oreign trip to
nany were horrified
they found that they
getting no foreign
ange. The Reserve
of India simply
ed to fork out the
0 that the prime
ster's office had asked
of the scribes to carry.
3 pm on 4 September, barely hours before the flight was to take off, the reporters were not sure whether they would be on the aircraft at all.

After frantic calls from the PMO, the RBI finally opened a special counter and instructed the banks to keep their doors open beyond normal working hours to hand out the cash. Previously, the cost of such junkets and hospitality was borne by the GOI.

Going places

Mahindra & Mahindra has been making waves overseas. The jeep manufacturer recieved an unusual honour from the royal government of Bhutan — a commemorative postage stamp showing a CJ4A transporting mail in the interior of the country was recently released. The tribute was in order, of course. The country which until now depended on Toyota and Isuzu 4WD vehicles is gradually switching to the M&M jeep. Last year the Royal Body Guards, a division of the Bhutanese army, bought eight CJ3B vehicles to be deployed as outrider cars for the King and other dignitaries. This year both the Royal Body Guards and the police force plan to purchase M&M jeeps.

Meanwhile the company will make 40,000 models of CJ-3, a designer jeep this year for export to Britain, Australia, Sweden and other countries in Asia, South America and Africa. Plans are also afoot to export to the US, where the jeep originated.

Inspector raj

It may be curtains for the licence raj but the inspector raj will continue. Take for instance the example of the small-scale sector. A small-scale unit not only needs sanction from half a dozen agencies before it gets going, but even after starting operations, it can have as many as two inspectors visiting the set-up daily with designations as varied as officer/ inspector, metal cutting licence department, or from the smoke and nuisance department.

As many as 32 illustrious officers can drop in at your factory in a month; and that is only at the state level. Add to this another 35 central government officials. And you may weli have a total number of 67 officials visiting you every month.



Gainful acquisition

Computer Maintenance Corporation, the public sector software consultancy outfit, has just received the approval from the government to acquire Baton Rouge Inc., a software services company based at Baton Rouge in the US.

CMC will pay $800,000 for the acquisition. The rationale for the acquisition is that it enables CMC to own a company located in the US, which can enter into contracts with the overseas customers, and in turn, subcontract the project to CMC in India. Apart from the personnel (22 in number), the company's software for automatic teller machines will also come with the acquisition. CMC plans to transfer this software on to Unix platforms.

A brand new expense

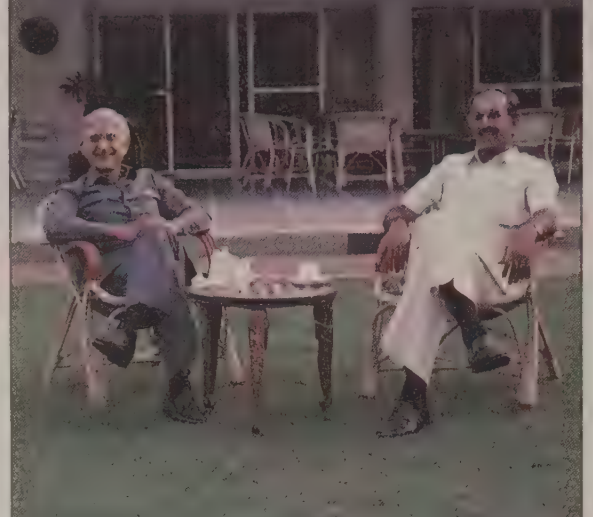
Can bribes and commissions be passed off as business expenses? Goodlass Nerolac may be showing the way. While filing its latest income tax returns, the company classified bribe paid to sales tax and excise inspectors under the head "sundry expenses" and asked for a tax deduction on them. When the department refused to oblige, the company took the matter to the Bombay high court, which ruled in Nerolac's favour. The income tax department has now appealed to the Supreme Court. And if the country's highest judiciary body too rules in the company's favour, then it may well set a precedent — an unfortunate one at that.

Successor found?

Finance minister Manmohan Singh's search for a successor to fill C. Rangarajan's slot at the Reserve Bank of India is almost over. S.S. Tarapore, currently executive director, who has been involved with the credit planning exercise at Monetary Towers since the days of Manmohan Singh as RBI governor, seems to have got the nod. It is, however, not clear if a formal announcement will be made immediately or later this year when two other deputy governors will be retiring.

Ambitious target

The Kalyanis of Bharat Forge have set up Kalyani Agro Corporation Ltd as a diversification into agriculture. KACL has already exported 320 tonnes of mango pulp and slices, earning foreign exchange worth Rs.1 crore. The target over the next few years is an ambitious Rs.1,000 crore worth of agricultural products.



The Kalyanis: diversifying

The company has set up a biotechnology division, and plans to start a unit for tissue culture, green-house technology and a test laboratory for detection of generic purity of hybrid seeds. KACL would begin marketing its own improved variety of seeds from June next year.

Revving up

Unshackled from the chains of bureaucratic controls, the lone private sector steel giant, the Tata Iron and Steel Co, is revving up for growth. In approximately three years, its capacity will increase from 2.1 million tonnes to 4.5 million tonnes, making it the largest single steel unit in the country.

The idea first struck Tisco's management when the government, under a revised policy, asked for applications from entrepreneurs to set up one million tonne units. The Tata company, which is already implementing a modernisation plan which increases its capacity to 2.7 million tonnes, separately requested for a further 1.5 million tonnes exp
The government did not take a
sion on the matter.

In the absence of any restrictio
the new industrial policy, Tisco
going ahead with the expansio
company has discussed the pla
the financial institutions. A publ
rights issue of Rs.1,200 crore i
planned to part finance the p
Also, the Tatas, through some N
ciates, have increased their stake i
from 8 per cent to 13 per cent,
say.

Which way?

Is Coke finally coming to India
question the media and corpora
servers have been confronted wi
several months is now answered
resounding 'yes'. Around 15 Oc
the soft drink giant is expected to
its formal application to the gover
of India.

One option the Coca Cola boa
before it is to come on its own
controlling 51 per cent in the I
company in which case it will ha
make the application as a food
cessing company because auto
clearance is not given to beverage m
facturers under the new foreign i
ment policy. This might be a bi
tough job for Coke since, unlike it
time competitor Pepsi, it hardly ha
presence in the foods industry.

The other option is to stick to its
nal plan of teaming up with Brit
chairman Rajan Pillai as a mi
partner in an NRI food processing
pany and enter the country throug
route. Either way it will be a while b
the Atlanta-based giant would be a
sell soft drinks in India.

Meanwhile Kellogs, the Americ
real maker which is also keen to
India through the 51 per
automatic-clearance for food proc
companies route has encountered
culiar problem. The new foreign i
ment policy, for some unexpl
reason, rules out automatic clear
for companies manufacturing m
related products, and its best s
cornflakes is almost entirely made
maize. Strange are the ways o
Indian government.

alemate now

January 1990, industrialists in-
ding J.R.D. Tata, Aditya Birla
mkrishna Bajaj had taken to the
n protest against "the pernicious
— the octroi duty levied in the
of Maharashtra (see *Business*
22 January 1990) . Earlier, S.B
n, the then chief minister of
ashtra, had set a date, 31 May
o do away with octroi.
vever, since then, little or no noise
en made on the issue. The chief
r never made good his promise.
pped out of power shortly there
nd Sharad Pawar, who succeeded
the chief minister, turned a deaf
the volleying protests. So, to this
e issue remains a stalemate.

ernative source. Gujarat and UP
placed octroi with entry tax and
rge on sales tax, but Maharashtra
to discover an alternative source
enue that satisfies the traders as
municipal bodies.

Kasbekar Committee (appointed
government to advise it on the
recommended an alternative — an
tax that can be collected from
s on the basis of their income, de-
g on how much of their purchase
from outside the local area. The
ax is an accounts-based one and
commended because, if mainte-
of proper accounts is ensured, it
successfully imposed. But, the
ers differ on various issues con-
in the report.

harashtra earns nearly Rs.840
evenue from octroi, hence the mu-
l bodies' reluctance to do away
. It would affect the financial au-
y of these bodies; also, alleges the
ss community, it could lead to a
n the lucrative trappings or 'un-
nd' earnings that are generated at
ny check posts in the state.

business community also has a lot
e. Apart from the four per cent
raders have to face the harassment
g waits at various check posts.
n Bombay to Sholapur alone there
bout 138 barriers," claims Vijay
tri, president of AIMO, and the pre-
ystem causes additional fuel costs.

The traders would prefer the sales tax department to collect the entry tax as they consider them less corrupt.

Today, the issue is on the backburner and no one is taking the trouble to initiate the next move.

■ SHAMPA KAR

YARN EXPORTS

Blighted hopes

The cotton industry is livid with the decision of the union textile ministry to suspend all exports of cotton yarn for the time being. Said Mohan Piramal, chairman, the Cotton Textile Export Promotion Council, "This is suicidal. It will ruin the export market, and we will lose our credibility as reliable suppliers." The prospects for yarn export, which had seemed so bright exactly a year ago (*see Business India,* 29 October 1990) now appear to be blighted, say industry sources.

The government appears to have been inspired to take this ill-advised, populist move as a response to the news of the starvation deaths of handloom weavers in Andhra Pradesh. According to the union minister of state for textiles, Ashok Gehlot, precious foreign exchange has to be sacrificed to help handloom and powerloom weavers. The rationale behind the government's decision seems to be that the export of cotton yarn has created a shortage in the domestic market which has, in turn, pushed yarn costs up prohibitively.

Government responsible. On its part, the textile industry argues that the shortage of yarn is a direct consequence of the decision to export cotton in a bad crop year (1990). This provoked speculation by cotton traders, and pushed up the price of cotton by over 100 per cent.

In the production of cotton yarn, raw cotton constitutes 55 per cent of production cost, and wages, electricity and interest 35 per cent. According to The Southern India Mill Owners Association (SIMA), the price of yarn has not gone up to even 60 per cent of the increase in input cost, though the industry has absorbed about 40 per cent of this cost. A yarn exporter says the reason the mills are able to absorb costs is because of the profits they make from exports. Interestingly, SIMA has figures that show that whenever yarn exports fall domestic prices shoot up.

"Yarn availability has never been a problem," says a managing director of a cotton spinning mill. "Even today one month's production is available. The industry has repeatedly informed the National Handloom Development Corporation and other handloom and powerloom associations that SIMA will provide any quantity of yarn at market prices, but there have been no takers." The spinning industry accuses these associations of seeking cheap yarn and not yarn available at market prices.



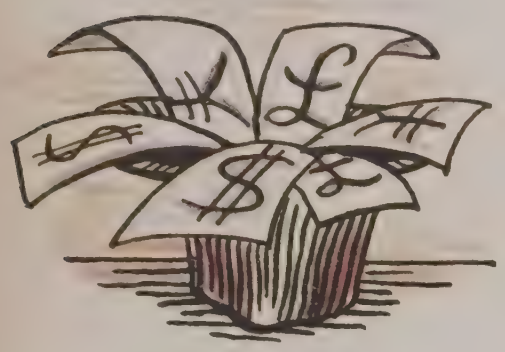
Cotton yarn: no takers

Yarn exporters fear that the present suspension is going to affect the prospects for the future. India, which has made a breakthrough in the European markets, is appearing to get increasingly protectionist and could be branded an unreliable supplier. Customers might increasingly turn to Pakistan, Egypt and Indonesia. The efforts of the past few years, which have recently begun yielding results, will be wasted and the country return to square one as as far as yarn exports are concerned.

■ SUSHILA RAVINDRANATH

Money matters

Finance secretary S.P. Shukla, who flew to Paris hat in hand to plead India's case at the **Aid India Cosortium** meet last fortnight, returned with his pockets stuffed with pledges. Representatives of thirteen western nations and other international financial



institutions after hearing out the Shukla-led delegation agreed to pay out $6.7 billion of which $2.3 billion will be given on concessional terms and $700 million on an sos basis. Japan exhibited the most generosity agreeing to a Rs.2,000 crore concessional loan under the Overseas Development Assistance programme.

Companies that bring in **foreign technicians** for short working stints no longer need the Reserve Bank's permission for settling their fees in dollars if the per diem rate is under $500. Also, the wining and dining bills for overseas guests can be paid in rupees now without prior RBI approval. With winter round the corner, the visitors season, five star hotels should be choc-a-block soon.

Canbank has recently signed a 500 million Belgian franc (Rs. 68 crore) line of credit with Generale Bank, Belgium's leading bank. The credit is expected to finance import by medium-sized companies in India of capital goods of Belgian origin. Generale Bank has promised another BFr 30 million as suppliers' credit.

Revived plans

Having shelved its earlier plans of taking over Brooke Bond's scooter unit in Karnataka, **Greaves Cotton & Co** will instead invest Rs.25 crore in a plant in Baramati, Pune, to manufacture 30,000 autorickshaws. The company also has plans to make 30,000 automobile power transmissions as a co-product.

The BIFR has directed the Industrial Reconstruction Bank of India (IRBI) to submit a fresh proposal for the revival of the **Kelvin Jute Company Ltd**. The company had gone sick in 1989, following accumulated losses of Rs.16 crore. The BIFR had then approved a Rs.7.88 crore revival scheme, of which the IRBI was to provide Rs.3.36 crore. The rest of the money was to come from other financial institutions and a new promoter, as well as sale of land. There were delays however in the disbursement of these payments by the IRBI and other financial institutions.

Market capers

The big boys of the **Bombay Stock Exchange** feel that M.J. Pherwani, once the darling of the bull operators, has turned into a bad 'un. Pherwani's suggestion that a National Stock Exchange be set up at Vashi, New Bombay, is a wishy-washy idea they aver. What's wrong with the Old Lady of Dalal Street, they ask indignantly. To press its case, the BSE has issued a report which, while endorsing Pherwani's plea for a paperless trading system, underscores the need to computerise its own operations. That's called action on a war footing.

Merchant bankers have at last accepted the fact that they require to police themselves. Fifty two out of the total of eighty four authorised merchant banks have signed up with and paid the membership fees to the **Association Of Merchant Bankers'of India**. The Securities and Exchange Board of India has given its blessings to this self-regulatory body.

Sale signs

The public sector **Indian Drugs & Pharmaceuticals Ltd** is on the selling block. The government is scouting around for a private sector buyer for this perennially loss making drug unit. Apart from pumping in cash (estimated at Rs.100 crore), the investor would have to take tough decisions on trimming down IDPL's 12,000-strong workforce.



After its deal with Del based Flex Industries f through for want of fo exchange, **Swedish M AB** has been looking f another match for its I associate, Wimco. The controlled Asian Hotel is the newest suitor and to buy Swedish Match' per cent stake in Wimc

Unlocked

Wheeler-dealer **Win Ch** who's been on the run e since he was indicted in Bofors gun deal, is now to run where he pleases. government of Dubai w



Chadha has been holed u has withdrawn the watch who were tailing Chadha since his arrival in early and lifted all travel restrictions on the forme power broker. Dubai's decision has been promp by that of the Indian authorities to give up cha Chadha and bury the Bo bogey once and for all.

Co-operatives and the services sector will be co by the **new and improve** Monopolies and Restrict Trade Practices Act. The other proposed amendm that the Cabinet has approved include removi pre-entry restrictions on companies and giving th MRTP Commission the sta

wers equal to that of a
Court. Financial
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rtnight, the Lok Sabha
s nod of assent to the



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allows private
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. Such participation, it
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to India's power scene.

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ailable only upto 1987

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e & substitutes	1.2
Mate	14.4
s	10.0

as revealed in the Economic Survey of 1990-91. With the recent hoo-ha about our fast track approach, we seem to be painfully slow in tracking our own progress.
An employment target of 900 million man days has been fixed under the **Jawahar Rozgar Yojana** for the year 1991-92. A variety of projects will be undertaken, including social forestry works, conservation and irrigation works.

Last fortnight, about 2,500 Delhiites — mostly students and volunteers — marched for a cause: lowering the **high level of illiteracy** in the capital city. Over a third (35.3 per cent) of Delhi's total population of 93.75 lakh use their thumbs rather than a ball pen to sign on a dotted line. Citizens in other metros are a more educated lot. Literacy levels are



roughly the same — about 72 per cent in Bombay and Madras; in Calcutta it's about 61 per cent.

Dire straits

The government's sudden decision to **suspend all exports** of cotton yarn so that supply-starved handloom weavers got their fair share, drew hoots of protest from textile mill owners. They said the step is nothing short of committing harakiri as yarn quotas to the EEC will go unfulfilled and exports of 25 million kgs, worth 100 million dollars, will be lost. Unmoved by such pleas, the textile secretary said that the suspension would hold good until yarn prices which have been rising by two per cent every week stayed put at a reasonable level.

According to the All-India Skin & Hide Tanners and Merchants Association (AISHTMA) the export of finished leather has been **virtually paralysed**, as a result of a commerce ministry export control order that bans export of cow hide, calf coloured linings, goat and sheep lining suedes and other varieties of leather. Although the order is dated 5 August, it is only recently that it has begun to be implemented by customs. Finished leather forms 50 per cent of leather exports out of Madras.

Food Corporation of India's employees launched an agitation on 26 August on different issues including wage revision. They have now threatened to go on an indefinite nationwide strike come 7 October.

Export drives

Engineering exports should get a boost with the commerce ministry's recent directive that 22 categories of items will be entitled to the higher 40 per cent, as against the standard 30 per cent, rate of Eximscrips.

The newly-reconstituted **Board of Trade** is putting together a group to focus on joint ventures and overseas acquisitions. To give exports a leg-up the Board will devise market-specific strategies. It will consider setting up mini clones at the state level too.

Exporters with a "satisfactory track record" can now maintain bank accounts in the **hard currency** (dollars or pounds) that they earn. This decision taken by the Reserve Bank of India should enable them to save on hedging costs against currency fluctuations and manage currency liability better. The RBI will also permit maintaining such accounts abroad, provided the overseas branches of public sector banks keep an eye on them.

Carnations and chrysanthemums should soon be blooming in Haryana.



Over 40 acres of land, including 20 acres under glass houses, have been earmarked for cultivation jointly by the Haryana Agro Industrial Corporation and Rockard Holding Pvt Ltd, in collaboration with the Dutch conglomerate Dalsem. This Rs.25-crore project is a **100 per cent export oriented** one.

Shutdowns

The government is considering **closing down** certain non-productive gold mines, according to the union minister of state for mines, Balram Singh Yadav. This is

because the cost of extracting gold at Rs.9,000 per tola exceeds the market value of Rs.5,000 per tola.

Copper shortage has compelled 80 per cent of the **copper consuming units** in Bangalore to shut down. Hindustan Copper Ltd, one of the two copper suppliers along with MMTC, decided this July to cut supplies down to 40 per cent of their entitlement upto September. This reduced supply has also been delayed by the company, causing hardship to copper consumers, especially to small scale industries in the South.

Stocktaking

The inter-ministerial committee on rail transport which has been trying to spot discrepancies between actual requirements and Planning Commission estimates, has asked major users — coal, power, steel — for their **estimated loading requirements** for the next 5 years. The Planning Commission has also been asked to give the proposed resource allocation and the freight targets for the eighth plan period.

Entry restrictions

The Bombay High Court has restrained the management of **Gammon India Ltd** from giving non-retiring status to a third of its board of directors. The appeal was filed by Elcano Investments, a Hong Kong-based company belonging to the Chhabria's, who continue to hold a 31 per cent stake in the company.

M.L. Fotedar, health and family welfare minister, has proposed that any person having **more than two children** should be debarred from an elected post. The minister hastened to clarify that the rule should be applicable with prospective, not retrospective effect.

When 13-year-old **Jaspreet Singh** decided to hang out at a skating rink in Virginia, Washington, the doorman



said " Hats off." The bewildered boy soon r that they meant his tu Jaspreet's plea that it a hat fell on obtuse ea issue, they said, was o safety. The boy's pare Sukhjit and Kitty Sing filed a complaint with Fairfax County Huma Rights Commission.

Secret plots

Five Bombay-based **diamond merchants** v lured to the capital by mysterious conman on pretext of doing busine an Italian company. Th have been missing ever Diamond industry spokesmen said they w shellshocked by the abduction. The Central Bureau of Investigation launched a country-wid search.

LANDMARKS



Awarded, the K.P. Goenka memorial award for environment, to the Deccan Development Society of Zaheerabad taluka, Medak district, AP. Instituted in 1983 by Asian Cables Corporation, the R.P. Goenka company, the award is given annually to an individual or institution for its contribution in the field of environment and ecology. DDS provides employment to over 2,000 women spread over 40 villages. The award was presented by B.G. Rathore, president, Phelps Dodge Industries, US, at a ceremony in Bombay.

Appointed, eminent educationist G. Ram Reddy as chairman of the University Grants Commission. Reddy succeeds Manmohan Singh, who has relinquished the office following his appointment as Union finance minister.

Appointed, Bharitya Janata Party leader Atal Behari Vajpayee as chairman of the committee on Public Accounts in Parliament; A.R. Antulay (Congress I) as chairman of the committee on public undertakings.



Recovering, N. Vaghul, 55, chairman and managing director of the Industrial Credit and Investment Corporation of India, after emergency heart bypass surgery at Apollo hospital in Madras.

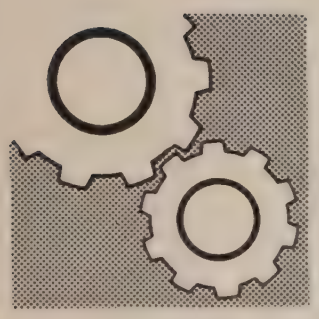
Recovering, former prime minister Morarji Desai, 96, after surgery for a hip fracture at Bombay Hospital. He suffered a fall in the bathroom of his south Bombay residence.

Passed, in parliament, the cont versial Places of Worship Bill seek to maintain the status quo of r gious places as on 15 August 1947 the midst of a walkout staged by members. The party reacted in same manner to two other bills int duced in the Lok Sabha to strengt panchayats and municipalities.

Passed, a special protection bill the Rajya Sabha that provides se rity to prime ministers and their fa lies as well as former prime minist for a period of five years. Meanwh chief ministers are sore over Union home ministry's move to wi draw the national security gua cover accorded to them.

Relinquished, charge by C. Khosla, member (traffic) Railw Board, ministry of railways, who proceeding to Botswana as a gene manager of the Botswana Railwa M.V. Srinivasan, general manag Western Railway, will take place.

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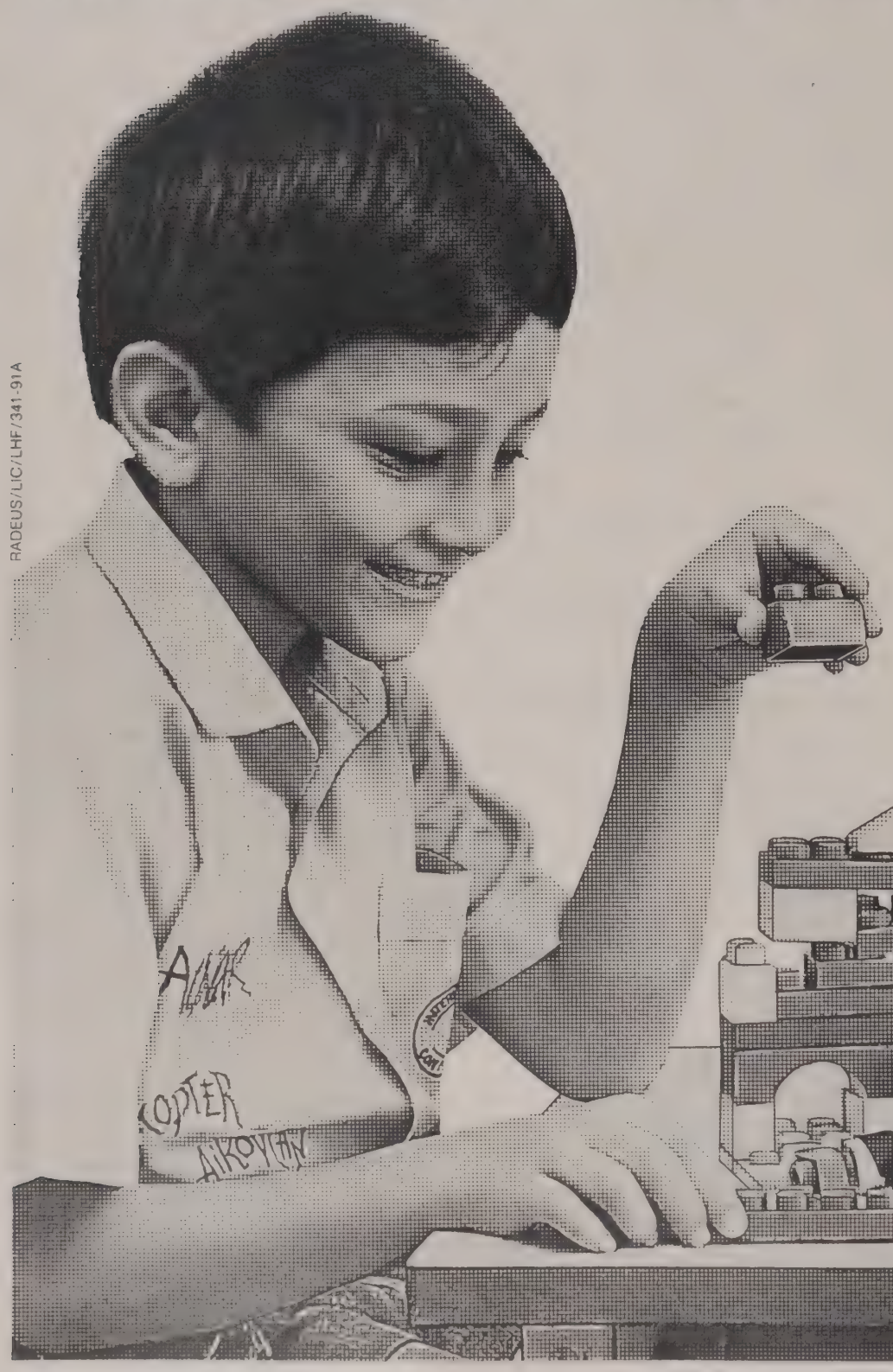
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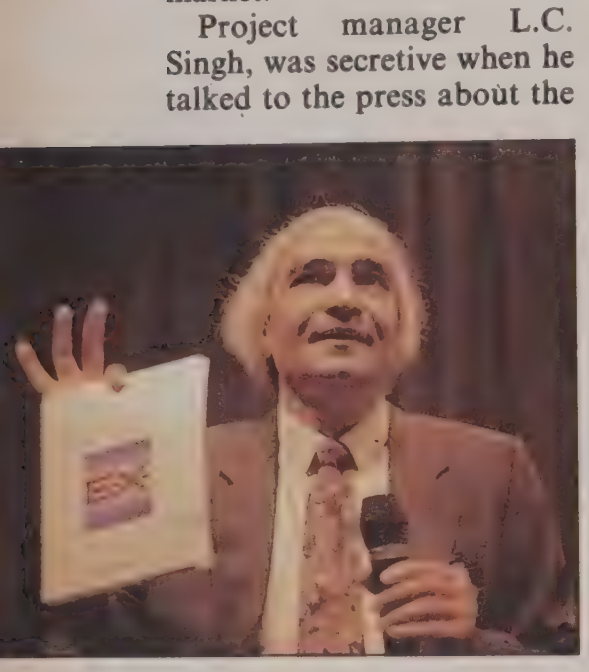
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L.C. SINGH

When Tata Consultancy Services launched its new business accounting package, E-X, it went all the way. The presentation, combining audio-visual techniques with theatre, successfully sold the features of the package, targeted at the non-corporate market.

Project manager L.C. Singh, was secretive when he talked to the press about the



costs of developing this package. But, he was more forthright when he talked about what he expected from it. Says he, "If it doesn't become the industry standard, then we will have failed."

The package has an affordable price tag of Rs.6,950. And this comes with a reassuring guarantee. If a user can find a similar package with even half the features of E-X, he can take home the TCS package free.

JAMES RYAN

Many years of rich experience accompany James Ryan, who has just joined as director general, International Crops Research Institute for the Semi-Arid Tropics, Hyderabad. ICRISAT is part of a group which has 16 centres worldwide. Ryan was previously deputy director of the Australian Centre for International Agricultural Research, Canberra.



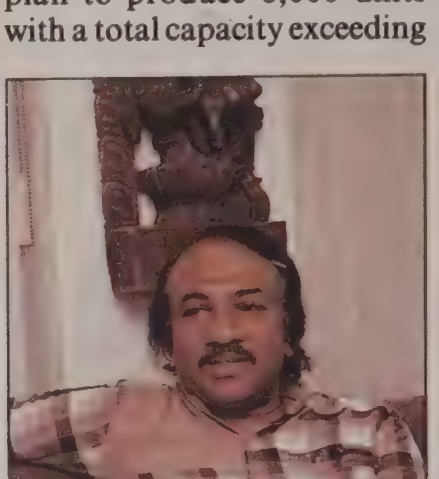
An agricultural economist, he was at ICRISAT during 1974-83, working on village and household economies, technological change and agricultural policies in the semi-arid tropics. In 1974, he was invited by the Ford Foundation to be a member of an expert study team to review oilseeds research in India.

Taking over the new assignment, he says, "I am optimistic that the various stakeholders in ICRISAT, including national donors and programmes, will continue to regard the centre as an essential ingredient in their agricultural R&D activities in the developing countries."

V. RAMAKRISHNAN

The Albukadir group, owned by Abdul Rehman Bukhadar of Sharjah Cricket fame, has invited the Madras-based Pentafour Products Ltd to set up a joint venture project in Dubai and Sharjah to manufacture a full range of air-conditioners, including a central air-conditioning system. V. Ramakrishnan, vice-chairman and managing director of PPL, recently signed an MoU with this group.

Under the arrangement, PPL will be exporting technology and also deputing a project team for setting up the company. Albukadir will own 51 per cent of the equity and the remaining will be with PPL. Says Ramakrishnan, "Before the summer of 1992 is out, we plan to produce 6,000 units with a total capacity exceeding



55,000 tonnes. There is a market for 90,000 units per year." According to him, the project will provide his company access to global markets, especially for products like automobile and train air-conditioning systems which are in great demand.

RESHNA HODIWALLA

She gave up her job in Walchandnagar Industries to start an import-export consultancy service. Reshna Hodiwalla soon realised that leather exports held great potential, and in June 1990 she set up Ariano Eleganza. By March 1991,



sales of Rs.25 lakh w
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Hodiwalla plans to l
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HARISH MEHTA

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G.R.MORARKA

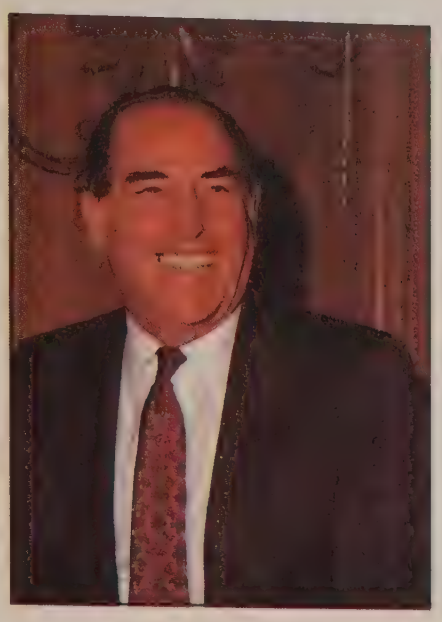
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ALAN POTTASCH

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kaging innovation of 12
e bottles to Coke's six



ounces helped it survive. Ever since, "innovation, feistiness and plain hard work", according to Pottasch, has kept Pepsi's advertising going, just that step ahead of Coke.

Their sixties' campaigns introduced a new genre of lifestyle advertising where the focus shifted from product to consumers. How well it has sold is reflected in rival Coke's recent decision to sign on Creative Artists Agency, a Hollywood talent agency, as its global media adviser.

LORING KNOBLAUCH

Recently in India to launch Tata Honeywell's automation systems, Loring W. Knoblauch, president of Honeywell's Asia Pacific region, was all praise for the performance of the joint venture.



Automation systems are used in buildings where the environment system needs precise controlling. Buildings such as hospitals, hotels, semiconductor manufacturers and food processing units are some areas which use these systems. A detailed survey establishes the market for this line of business to be in the region of Rs.10 to 20 crore.

Honeywell has a number of ventures in several countries, but Knoblauch singles out Tata Honeywell. Says he, "It is the most successful venture we have around the world. I honestly believe that Tata Honeywell serves as a model on how joint ventures should operate."

R.G. MILLER

"Never allow yourself to be in a position where the insurer knows more about the risks of your business than you do,"



says R.G. Miller, executive director of the Association of Risk and Insurance Managers in Commerce, London. He was in the country to present a paper at a risk management seminar arranged by the Indian Institute of Insurance and Risk Management in Bombay.

Miller spoke in detail about the situation in Britain where, unlike India, insurance companies are privately owned. According to him recording incidents, especially on the shop floor, is the best way of identifying a risk.

RAY SIMKINS

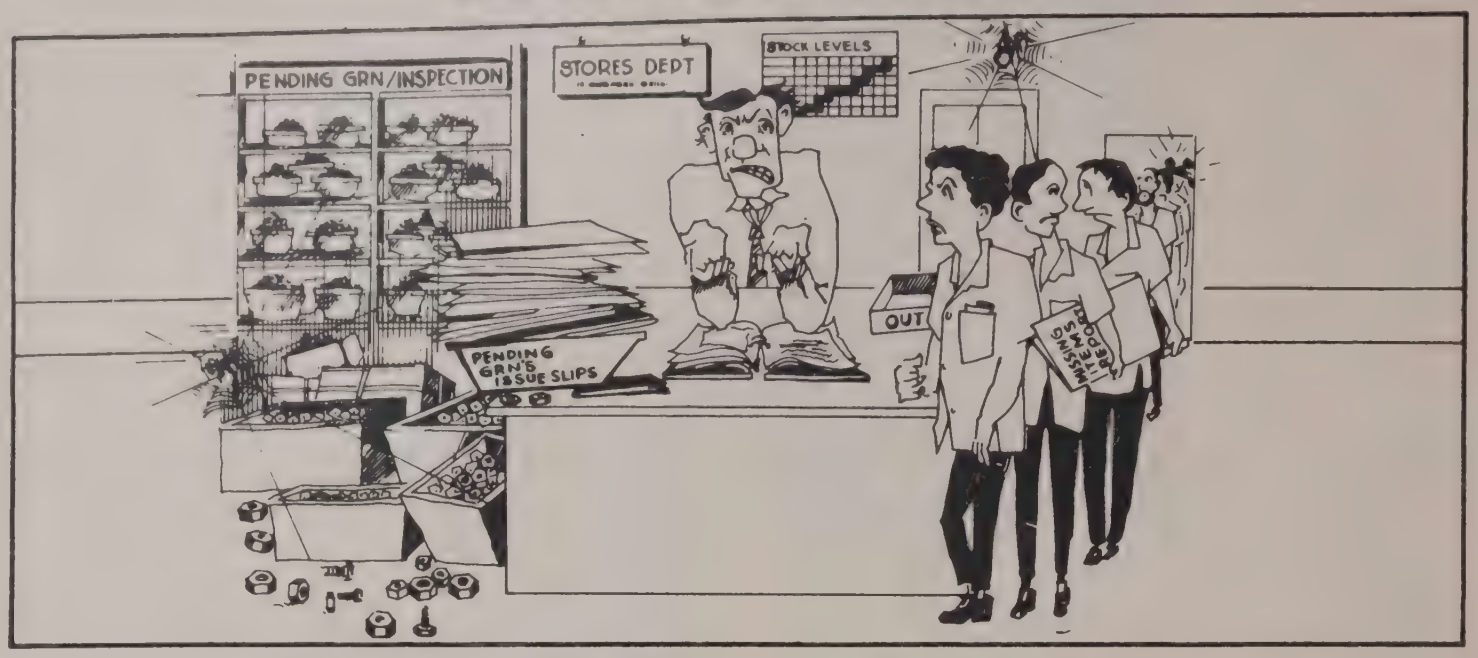
A 75-year-old Rs. 8-crore operation is bad news. Particularly, if it concerns the $600 million multinational Getz Bros & Co, which, since 1981 is a member of the Marmon Group of Companies — a $4 billion US-based international complex of more than 60 manufacturing and service



companies. But the dormant Muller & Phipps (India) Ltd, involved in the manufacture and trading of consumer products like Cuticura talcum powder, has been faced with peculiar problems.

"We ran a very good business in India at one stage," laments Ray Simkins, president of Muller & Phipps and senior vice-president, The Getz Corporation. "But the steep excise duties killed our manufacturing and trading activities." Confronted with this problem, M&P began a refocusing exercise which began with the retrenchment of two-thirds of its staff. "Now we are considering a total shift towards sourcing products out of India. We are intent on building our India operations, and if exports be the answer, it should be fine," says Simkins.

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N PEPPER

aking a pounding

rld trade has never been overly ond of commodity agreements. ss the failures to work out pacts pper, bauxite, cotton and tea and, recently, the collapse of the coffee ocoa agreements. Hardly surprisherefore that the International Pepommunity — a 19-year old Third d grouping of India, Indonesia, l and Malaysia — could not agree common minimum export price for pepper, when it met at Kochi tly.

ntage short-lived. Some of the reg unhappiness disappeared soon when the rupee was devalued and n exporters could sell at the comve price of around 70 cents per d, compared to 95 cents in the days



n pepper is fast losing its competitive edge

e devaluation. But their smiles were -lived, as this advantage lasted for week. The other IPC members bid a goodbye to all semblance of camarie, as they scrambled to cut their prices.

azil began quoting between 58 and nts, Indonesia and Malaysia bet- 60 and 62 cents. Indian exporters thus forced to cut their prices first cents, then to 65 cents and finally to ents by mid-August. The small rs outside the IPC, notably Vietnam Thailand, added their bit to keep s down.

uch of the advantage from devaluawas negated almost at once by the t in domestic prices. Before devaluaone quintal of pepper fetched Rs.3,625 at Kochi, but afterwards the price rose to Rs.3,725. Though the price was subsequently driven down to Rs.3,550 by the lukewarm response from foreign buyers, the damage had already been done.

With Brazil offering its pepper for as low as 49 cents a pound "bringing down the whole roof", as one observer remarked, Indian exporters are taking a pounding. Brazilian production this year was 35,000 tonnes (against 45-60,000 tonnes of Indian crop and a total world demand of 120,000 tonnes). But some observers feel that at these prices, Brazilian farmers will begin to neglect their crops, causing a decline in Brazil's pepper output next year.

Such negative hopes may be comforting to Indian exporters, but Brazil has proved to be far too aggressive to allow for complacency, preferring to go its own defiant way. Significantly, Brazil did not participate in the recent IPC meet at Kochi. For that matter, it was never keen on joining the community and had to be wooed for eight years before it became a member.

The Russian effect. As if the Brazilian challenge was not unsettling enough, along comes the turmoil in the USSR. Russia — the erstwhile entity which used to stand for the entire union — has always been a major buyer. Indian exporters were banking on the Russians to buy an additional 5,000 tonnes over their quota of 12,500 tonnes, as they normally do each year during October. This, speculate Kochi's traders, would push down domestic prices and give Indian pepper a competitive edge once more. But with the current messy state of affairs in the USSR, speculation is fast turning to fear: if the Russians don't buy more, will Indian pepper exports dip to new lows?

That question only underscores what India needs to do to remain competitive in the world market — raise productivity and lower the unit cost of production.

■ K.G. KUMAR

IUF

HLL overreacts

The regional conference of the Geneva-based International Union of Food and Allied Workers' Associations which was held recently in Bombay, attracted far more attention than it otherwise would have, thanks to a rather intemperate press note by Hindustan Lever Ltd.

The conference focused on the functioning of Unilever in South Asia, with members from various Lever unions from all over the region participating. What made it controversial was the HLL allegation that the idea of the meeting was to draw up an action plan aimed at disrupting HLL's normal working.



Pin: "nonsense"

Liberalisation fears. IUF is a worldwide body of trade unions representing workers in food and allied industries. Founded in 1920 by the merger of three international bodies, it has over 2.1 million members in 250 member unions spread over 90 countries. In its statement, HLL alleged that the meeting had been prompted by the liberalisation measures adopted by the Indian government, which had raised fears among the European and American unions about investments shifting and the eventual impact of this on employment in Europe. It also made the allegation that these unions now felt the that the only way they could protect jobs in their region was by disrupting industrial activity in India, thereby making it an unreliable export base.

IUF regional secretary Ma Lei Pin dismissed these allegations as "nonsensical and totally irresponsible." He stated that as an international workers' body,

IUF provided a forum for trade unions from all over the world to exchange ideas, compare notes and to try and arrive at solutions to common problems.

Presentations at the conference focused on the global strategy of Unilever of disposing of what the company thought to be non-core activities. According to Paul Elshof, a researcher from the Amsterdam-based Research Centre on Multinational Corporations, who has been researching Unilever activities over the last seven years, the £22.2 billion giant has since 1983 acquired 216 new companies and sold off 136 companies. Among the major acquisitions were Brooke Bond, Calvin Klein, Chesebrough Pond's, and Northern International Fragrances which has been renamed Quest International.

Large layoffs. These activities had resulted in a reduction in the total number of Unilever workers in Europe from 180,000 in 1990 to 114,000. For the years 1991-93, Unilever had earmarked $320 million as payment to the 5,000 to 6,000 more employees it planned to lay off from its European operations, Elshof said.

Another aspect of the Unilever strategy was the restructuring of the management which had resulted in increasing centralisation of decision-making power with the division co-ordinators based in London and Rotterdam. Devised to give the company larger flexibility in the world market, the strategy had resulted in national level managers having very limited say.

"Labour practices are specific to social environments. Adopting a labour policy which has proved to be the best, say in the Unilever detergent plant in North America in an Indian environment, has a tremendous negative impact on labour," Elshof said.

General secretary of the Hindustan Lever Employees Union Bennet Decosta claimed that 14 per cent of HLL's soap production and 46 per cent of its detergent production was being subcontracted, while 500 workers in the Sewri unit of the plant were not being given any work.

Generalised strategy. According to Elshof, subcontracting was a part of a more generalised strategy by Unilever to reduce labour costs and get around strong labour unions.

A spokesman for Hindustan Lever denied that managers were becoming responsible to the co-ordinators and not the national management. "This is only true of Europe and that too only in view of the European integration in 1992. As far as India is concerned, Hindustan Lever Limited is a separate entity. There is no question of the managers reporting directly to some co-ordinators," he said.

Reacting to the allegation about subcontracting, the spokesman said, "These so-called subcontractors are actually units leased by the company or its subsidiaries."

Pin however is not convinced by these statements and says that the IUF plans to raise these and other related issues with the Unilever management and find a solution. "If the Unilever management refuses to discuss these issues, we will have to rethink and re-evaluate our strategy," he added.

■ RAJU KANE

INTRA-CITY COURIERS

Making both ends meet

Early each morning, 70-year-old S.G. Ghumatkar leaves his home in Thane, a Bombay suburb and makes the long trip into the city. There, he goes on his rounds, making deliveries all over town. He is a private courier mal liveries every day to houses and o the city and the suburbs — fron man Point to Virar and from V Terminus to Ambernath.

A love letter at noon or a bo champagne at midnight — these couriers deliver it all. Every da make dozens of deliveries and thi city business, populated by a h small operators, is quite flouri Common among their cargo are sh transfer certificates, cheques, invit and even cassettes. Says R D'souza of Pilot Couriers, "Wh don't normally make deliveries usual items, or follow odd timin make exceptions for clubs lik Belvedere."

The operations range from one shows like Ghumatkar's to small employing up to 30 people. The are irregular and may extend to pm. Express or urgent service is ch double. These operators manag flourish because most of the big gu not interested in the intra-city mark least not as it exists now.

Low margins. While the cost of an ation within the city is quite high, c expect a lower rate for intra-city eries, resulting in low margins, around 20 per cent. The margins fo domestic or international business a least 10 per cent higher. Says Sa Shah, managing director, Elbee Ser Ltd, "The dedicated manpower an frastructure necessary for the intra



High cost, low margins — intra-city couriers are a harassed lot

ess are not justified by the returns." -UPS does, however, deliver n the city only as an additional ser- or regular inter-city customers. In ase, the intra-city operations form ligible part of their overall business. her big operators like DHL World- Express, do not have any intra-city ations at all. According to Suresh ker, vice-president and country ager of DHL, "We have not examined iability of this market in depth, but ind of resources necessary to set up tra-city service could be more prof- y employed in other expansions."

d returns. Skypak Couriers Ltd ght differently and started an intra- division three years ago. Says chair- Dilip Kulkarni, "The business has been up to the anticipated mark due ie smaller operators, but we are do- well. And while the charges are low solute terms, the return is good in portion to the effort involved."

mall operators manage to make a it through low overheads and mar- . For example, Y. D'souza runs Pilot riers with the help of her four sons their home in Colaba. And many iers use public transport. Says A.D. iharan, of the City Parcel Service Pvt "Public transport is more economi- and brings down the overheads; it's y convenient too."

ften, the intra-city operators go be- d the conventional duties of cou- s. Functioning as a parallel peon ice, they undertake a large part of dispatch work for companies on a tract basis. At ICICI, for instance, dif- nt courier companies are employed ake care of delivering letters and doc- nts. Says P.A. Parikh, manager, ad- istration, "We prefer to use couriers use they are efficient, and there is per accountability."

ther innovations are also possible. ording to Pratap Nair, partner, tline Services, "We have now started verse service — picking up our cli- s' requirements and delivering it to n."

s long as the intra-city business con- es to be an unattractive option to the players, the small ones will benefit. ecially when all that is needed to get ng is a pair of feet. Says Ghumatkar, ntend to be around till 2001."

■ SARAH ABRAHAM

NRI FUNDS

The wooing game

Banks are assiduously rolling out the red carpet for NRIs. Professional, prompt service and innovative financial products are being promised. New consumer divisions and plushly furnished NRI centers are being opened. And a steady stream of glossy brochures, ads, magazines and gifts — like Citibank's Taj Mahal collection of audio and video cassettes — are heading the NRI way.

The earlier indifferent promotional efforts are being rectified with a vengeance. Particularly by the multinational banks like Standard Chartered, American Express, Bank of America and ANZ Grindlays which have recently begun pursuing the much-needed NRI deposits determinedly.

On 30 June 1991, NRI deposits totalled Rs.19,614 crore. But that's a fraction, less than 1 per cent, of the enormous potential which exists. The estimated 11 million non-resident Indian population reportedly has an annual investible surplus of $40-50 billion.

Good alternantive. Why are foreign banks eagerly tapping NRI deposits now? With a negligible local branch network, NRI deposits are a good alternative source of funds. And, as they have no statutory lending obligations, the multinational banks can use the money to circulate in the call money market where interest rates are shooting through the roof. The pursuit of the NRI makes very good business sense now, explains a banker.

That marketing aimed at the foreign-based Indian helps has been proved by Citibank. Within five years its NRI deposits collection far exceeds what many Indian banks have achieved in 20 years. Citibank today has 60,000 NRIS on its rolls who have collectively deposited over $1 billion.

Other banks are certainly finding a stronger marketing focus beneficial. Stanchart's personal banking division was started only in mid-1990, but is growing by 75-80 per cent annually, says Stanchart's NRI services manager, Sanjeev Gupta. NRI deposits totalled Rs.600 crore in 1991.

The audience needing special attention, says Citibank's vice president, NRI business, S. Khirwadkar, are NRIS in Europe and America. "As they have several investment options, India must be sold to them," he says. The savings-oriented Gulf NRIS don't need hard-sell as they have few investment options and most of them will eventually return to India.

By combining the ethnic and the sophisticated in their marketing strategies, banks are catering to both the Indianness of the NRIS and the standards they demand. "Grindlays even offers complex financial products like swap options for NRIS with investments over $20,000," says Naina Lal Kidwai, Grindlays' chief manager, NRI services.

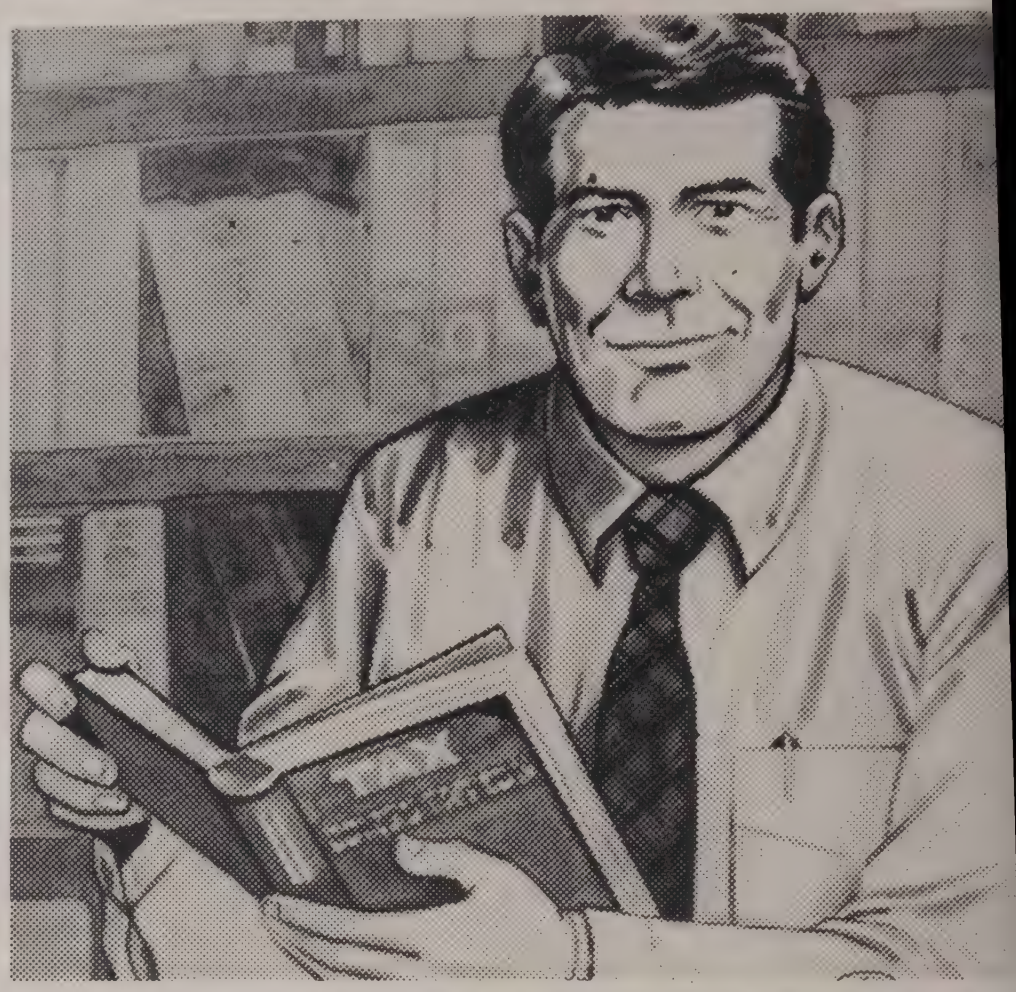
To make NRIS identify themselves with its schemes, Bankam has given them an Indian brandname — Shubh Laabh. "We are the first bank, that too a multinational one," says Praveen Suri, chief of Bankam's non-resident business group, "to brand our NRI business."

Magazines are helping too. Bankam publishes *Home Word*, Grindlays has *IndiaScan*, Stanchart has *India News*, and nearly 70,000 copies of Citibank's *Citi-India* are mailed every quarter. These magazines, say bankers, aim at maintaining the NRIS' cultural links and appease fears by highlighting the positive economic and political developments in India, apart from serving as a regular, quarterly advertisement for the banks.

In addition, there are other forms of advertising through seminars, direct mailers, 30-second television spots on Indian programmes and ads in papers like the US-based *India Abroad* and *News India*. "In 1990," says State Bank of India's deputy general manager M.M. Mehta, "we released ads every week in Indian newspapers worldwide."

Several strategies. No bank, however, is concentrating on any one strategy, as each market demands a different mix. In the Middle East, television and press ads are considered more cost-effective. Direct mailers have best hit their mark in Singapore and Indonesia, while a combination of telemarketing, personal calls and mailers have helped in the US, says Khirwadkar. The multi-pronged approach becomes essential because, says Bank of India's chief manager, foreign business department, S. Bhaskaran.

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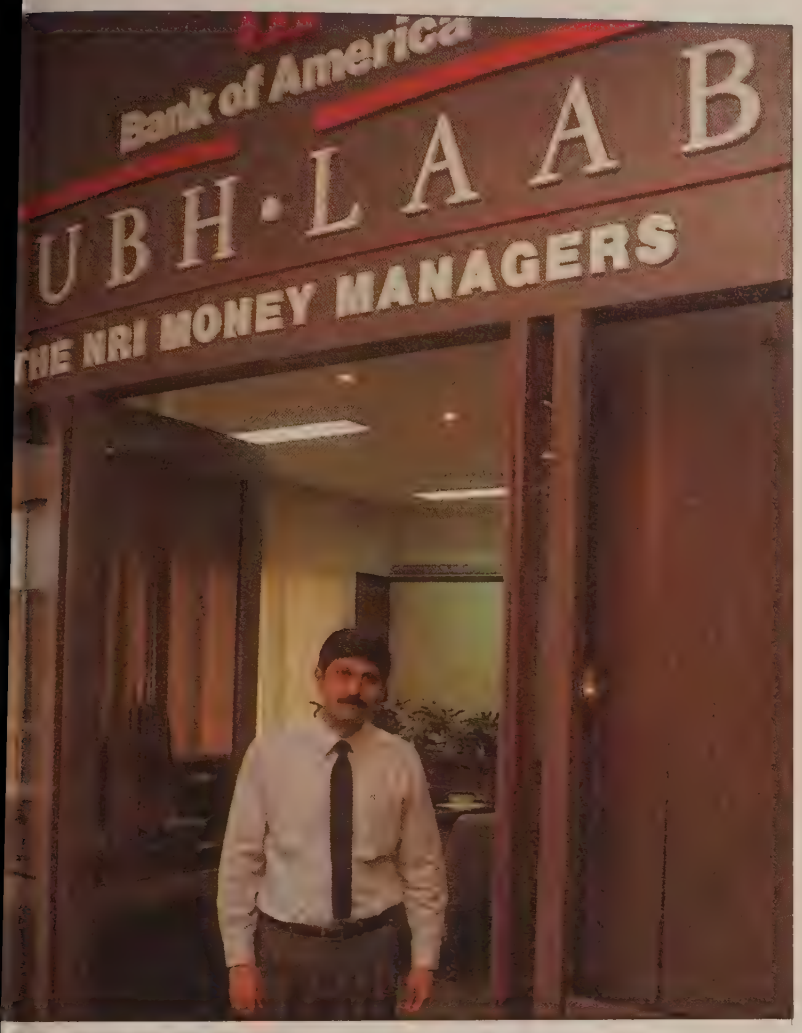
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Bank of America: multi-pronged strategy

annot give undue publicity or ac-canvas our schemes overseas as lo-vs are strict. NRI deposits become empt both here and abroad. No n government really approves of

a counterpoint, banks have er ace. Knowing the difficulties of ting financial services to NRIs scat-worldwide, branch networks in and abroad are being beefed up. ally, multinational banks are le-ng both their international name heir parents' infrastructural facili-ndia desks are springing up even in ike Singapore and Sydney.

ough they cannot match the multi-nals' global branch network, the n banks do have a major asset too eir vast local network. Especially Kerala and Ahmedabad branches t substantial forex deposits as NRIs originate from here.

Indian banks lose out on another — services. Even Kidwai admits, NRI is not an easy market to service, the different time zones, currencies egulatory problems." And while n banks have greater funds, flex-and hi-tech telecom systems to re-l faster, Indian banks are hampered by red tape and cost considerations.

Indeed, cost is an important factor even in the marketing effort under way but bankers are tight-lipped on expenditure. All that G. Shekhar, director marketing, NRI business, Amex, says is: "To break even, the promotional budget should be 15 per cent of gross receipts." Hopefully, if the market expands following a new incentives package from the government, the bankers' current investment in wooing NRIs could pay off within a year.

■ INDIRA KHANNA and ALPANA KILLAWALA

COMPTOMETERS

Bowing out

Even as the trade unions find it difficult to come to terms with the computer, offices across the country are witnessing the decline and unceremonious demise of the first computer in Indian corporate history, the comptometer. A one-time indispensable aid to the boxwallah accountant, today the comptometer may be seen only in offices that have not modernised enough.

The comptometer is a mechanical computer often mistaken for a mere adding machine. But the machine is infinitely more versatile. It can handle multiplications and divisions upto 12 digits or decimal places. Bijon Bhattacharya, an operator at the almost defunct Oriental Gas Supply Company, Calcutta, demonstrated the use of the machine. He added up a ledger page of 16 columns, and 12 rows of three to six-digit figures, including two decimal places, in one minute and forty seconds. Bhattacharya says he can routinely handle 400 such ledger pages a day and that he had done operations research projects for Britannia and Metal Box, solving complex calculations on the comptometer.

Dying out. Tushar Naha, the doyen of the Comptometer Operators Cooperative, says, "The comptometer scores over every other system except the computer. A completely computerised system is cheaper and quicker. But in a partially computerised operation, as is the case in even the best of Indian companies, the comptometer is cheaper by a factor of 100 and quicker by a factor of a 1000."

Naha, who is also the president of the Comptomechanics Cooperative Industrial Society Ltd which services machines in over 250 firms in Calcutta, says, "This trade is dying. Progressive managements have been retraining operators into computer operators. Ever since 1985, when Rajiv Gandhi began his computer revolution, the number of operators we hire out to companies has halved from over 200 a month to about 110 today." Naha's cooperative has a panel of 100-odd freelance operators who are farmed out to companies on contract. Wages vary from Rs.30 a day in government companies to Rs.150 a day in private corporations. Machine hire charges vary between Rs.200 a month to Rs.600 a month.

Interestingly, in some offices the comptometer is utilised side by side with the computer. The West Bengal Higher Secondary Board of Education is one such. This year it was the comptometer working in tandem with the computer which prepared the examination results.



A comptometer: last days

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comptometer operators are not
ul of the computer. "It is inevita-
l perhaps desirable. We will have
n the new machine, that's all.
ll computers too need operators,"
Naha. Comptometer operators
e regular employees of companies
ually senior clerks. According to
there are about 1,500 machines
operation in companies in Calcu-
l the national total should be twice
gure. Naha summed up the future
comptometer by saying, "Our co-
ive is at present negotiating with a
uter education school for a retrain-
ntract. Maybe a couple of years
now we will hire out operators for
uters instead."

■ SUDIPT DUTTA

R INDUSTRY

g times ahead AP

ems the sugar industry in Andhra
desh has turned the corner at last.
is apparent from this year's best
financial performance by the 33
factories in all three sectors (pub-
rivate and co-operative). The pri-
sector Nizam Sugar Factory, for
ple, earned a net profit of Rs.4
as against Rs.2 crore for the pre-
year.

e most surprising performance
from the co-operative sector where
t of 18 factories earned a collective
t of Rs.6 crore when last year only
factories had shown positive results.
considerable increase in the pro-
on of sugar, improvement in recov-
ate and significant improvement in
financial performance, the mood in
ugar industry in the state is obvi-
y upbeat.

active prices. In all, 7.3 million
es of sugar cane, grown on an area
57,000 hectares, was crushed in 32
ories. The area under cultivation is
dually increasing since more and
e farmers are going in for this crop
acted by the good price and other in-
ives offered by the state and Central
ernments. Last year, the Centre had
d a minimum support price for sugar
e at Rs.230 per tonne. This was increased by the state government to Rs.285 per tonne; after inclusion of several incentives, the effective MSP worked out to a very attractive Rs.352 per tonne.

Apart from a good monsoon and attractive incentives, other factors too played a crucial role in the improved performance, particularly by the co-operative sector. According to industry watchers, a large part of the credit goes to Mohammed Jani, the state minister for sugar industry exports. Last year, he had made it a point to visit each sugar factory at least twice to keep the managements on their toes. "If somebody from the top takes an active interest in their work, then nobody will take the risk of being lazy and lax," is Jani's reasoning. Jani is optimistic about the future prospects of the sugar industry in Andhra Pradesh: "We should soon be in a position to cater to the needs of other states to a much larger extent than now."

According to M.M.G. Naidu, director (sugar) and state cane commissioner, the average capacity utilisation is normally about 93 per cent in all the factories. But during the last season it touched almost 100 per cent. Hence there is need for expansion in existing plant as well as opening of new factories, he says. Work on six new factories, each costing Rs.35 crore, has already started. Two of them are in the co-operative sector and the remaining in the private. Incidentally, the two coming up will be the last in the co-operative sector since the government has taken a policy decision of not encouraging co-operative sugar factories in view of their chronic problems.

Massive expansion. Meanwhile, the existing factories in all three sectors are poised for a massive expansion which will nearly double their capacity. Consequently the crushing capacity of six co-operative units will go up to the extent of 2,500 tonnes per day. Two units of Nizam Sugar Factory are also being expanded whereas two small units in Vijayanagaram district are being scrapped as they have small and unviable capacities 600 and 850 tonnes a day. In their place a new plant with a capacity of 2,500 tonnes is coming up. The KCP Sugar Factory in Krishna district is expanding its capacity from 6,000 to 8,000 tonnes a day and Jayepur Sugars in West Godavari from 3,800 to 5,000 tonnes a day.



A good monsoon and attractive prices

Apart from sugar and jaggery, other related activities like processing of molasses, alcohol and bagasse are also flourishing. Nearly 400,000 tonnes of molasses is being produced at the moment. Each tonne of molasses gives 240 litres of domestic or industrial alcohol. This is supplied to 30 distilleries through the excise department.

The most important by-product, however, is bagasse. Till now this waste material was being used in the factories as fuel for the production of steam. But now it is being replaced by the power and coal fired water boiler as other, more beneficial uses have been found for bagasse in the paper industry. Since bagasse is very rich in cellulose, it is being utilised for pulp and paper board, corrugated board, and provides effective insulation against heat, cold and sound. Bagasse is also an excellent source of chemicals like formaldehyde, furfraldehyde and certain plastic materials.

According to commissioner Naidu, apart from the six factories which are coming up in the state, there is potential for at least ten more factories.

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PRATISAAD

Making the right moves



In 1990-91, the country's current account deficit increased to Rs.13,100 crore, as against Rs.10,391 crore in the previous year. This sharp increase can be attributed to the increase in petroleum imports from Rs.6,273 crore in 1989-90 to Rs.10,706 crore in 1990-91. There was also a decline in net invisible earnings, which were estimated at Rs.1,200 crore in 1990-91 — down by Rs.500 crore from the previous year. This was mainly due to reduced NRI remittances and a slowdown in travel and tourism. On the other hand, payments under investment income continued to rise due to higher interest payments on borrowings.

Even though in recent years India's exports have increased at a faster rate, the long-term performance is truly dismal. India's share of total world exports which was around 2 per cent in 1950-51 declined to 1 per cent in 1965 and has further declined to around 0.4 per cent since. Export growth suffered first after the second oil shock in 1979; but in the period 1985-86 to 1989-90 it picked up to a steady pace of around 15 per cent per annum. It is heartening to note that while exports of primary articles grew at 6 per cent per annum, that of manufactured products was up by 20 per cent per annum. This was mainly due to the greater incentives given for export purposes.

Little incentive

Hitherto, the protected Indian market gave little incentive for exports because the domestic market was protected and highly lucrative. In fact, it has been analysed that domestic profitability on total costs has been consistently high over the years while on the other hand export profitability (with incentives) has been negligible and even negative.

There is the urgent need now to build a system that encourages the growth of exports. For one, the trade regime — which is cumbersome and complex because of the multiplicity of administrative rules, regulations and exemptions — needs to be rationalised. Also, though a beginning has been made in simplifying the incentive structure, much more will have to be done so that the disadvantage of higher input costs is neutralised.

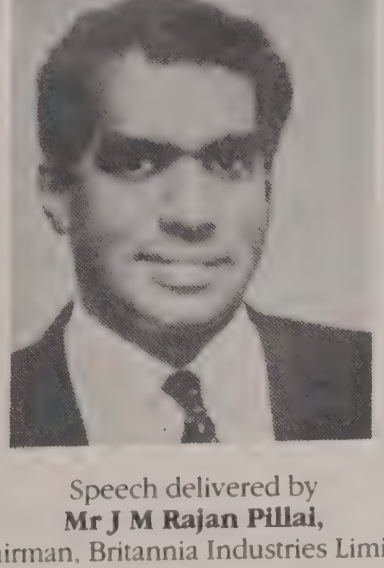
In the Indian context, as in other countries, there is a strong nexus between fiscal deficit and balance of payments. The reckless spending by the government has pushed up money supply which in turn has translated into an increased demand for imports. The government's decision to limit the fiscal deficit to 6.5 per cent of GDP should, in the medium term, have a positive impact on the current account.

Since bulk imports of essential items constitute nearly 50 per cent of total imports, the scope to reduce imports is limited. Also, imports are necessary if inflationary pressures are to be kept under control and industrial production not jeopardised. Therefore, the strategy has to be on increasing exports.

The medium-term outlook is not very encouraging. Even though the government has estimated that exports would be up by 29 per cent to Rs.42,000 crore in 1991-92, the chances are that exports may not exceed Rs.40,000 crore. Unless quick measures are taken, the competitive advantages thrown up by devaluation are quickly being eroded by inflation that is currently over 15 per cent per annum.

The government, on its part, will have to properly channelise the IMF loan to improve the competitive advantage of industry. Since this includes a change in attitudes, the process is a slow one. The government, albeit slowly, is making the right moves; it is now upto industry to respond.

■ ASPI CONTRACTOR



Speech delivered by
Mr J M Rajan Pillai,
Chairman, Britannia Industries Limited,
at the 72nd Annual General Meeting
held at Calcutta
on 25th September, 1991.

CHAIRMAN'S SPEECH

HIGHLIGHTS

- **The Company sustains a high growth rate.**
- **Dividend stepped up from 24% to 29%.**
- **A milestone in exports by being awarded the status of a Star Trading House.**
- **Company's Platinum Jubilee Year to witness a host of new products.**

Ladies & Gentlemen,

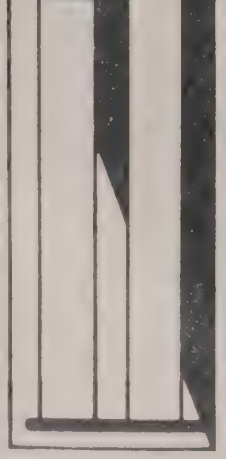
I am happy to welcome you once again to the Company's Annual General Meeting. The Annual Report for 1990 - 91 has been mailed to all of you and you would have had an opportunity of studying it in detail.

THE YEAR

The year ended 31st March, 1991 was yet another one of growth. The Company's sales grew to Rs.362.13 crores and profit before tax increased to Rs.16.50 crores. The Directors have recommended a final dividend of 17% which, together with the interim dividend of 12% announced earlier, aggregates to 29% for the year as against 24% paid for the previous year - an increase of over 20%.

The Bakery Division has further consolidated its market leadership. With the introduction of new brands, the Company is well represented in all segments of the market. The future augurs well for the Bakery business especially with the opening up of the rural markets.

The Company has been awarded the Star Trading House status by the Government of India for continuous excellence in exports. Only three other Companies have been accorded this signal honour.



The Annual Report for 1989-90 has been awarded the Silver Shield of the Institute of Chartered Accountants of India for the best presented accounts for the year 1989-90. We value this award as we look upon the Annual Report as the primary channel of communication with our Members.

THE ECONOMY

In May this year, 'The Economist' of London portrayed the Indian economy as a caged tiger and went on to make a strong case for freeing the tiger. I am happy that the new Government has started the difficult job of opening the cage doors. The New Industrial Policy, the Trade Policy, the Policy for Small Scale Industries and the Union Budget form a package of initiatives designed to put the Indian economy back on the rails and to prepare India to join the ranks of the world economic powers in the not too distant future. The abolition of many bureaucratic controls and the creation of an environment conducive to the inflow of foreign capital will lead to the country's industrial development and growth. The package of reforms is an expression of concern over the dismal foreign exchange position that is facing the country and provides avenues to improve the balance of payments.

I firmly believe that Indian industry can no longer grow, or even survive, in isolation and must go global; a closed economy is no longer relevant in India. The time has come for India to open its doors to foreign investment. Such investment is considered far more advantageous to the country than taking recourse to borrowing abroad, involving, as it would, interest and instalment repayment obligations.

India has passed through a traumatic twelve months. We have seen the fall of two Governments at the centre, the tragic assassination of Mr Rajiv Gandhi and violence and militarism in some parts of the country. Yet, through it all, we have completed a free election process and installed a new Gover democratic transition is most gra India stands out in the developing w political maturity.

The new Government has show tackle the political and economic facing the country. In the short te likely to face inflationary trends and of a changing system. This is inevitab long term results are well worth the ef tremendous task, the Government de support and co-operation from all o

Whilst the overall policy will go a in making Indian industry more co and will help to integrate India as a p global economy, there are a few are linked to our business which n Government's immediate attention. Th to the policy for the Bakery Industr Budget.

THE BAKERY INDUSTR

It is ironic that while the pa economic reforms will help boost the e the same package could spell disaste Bakery Industry. It is time that the Gov views the Bakery Industry as a s nutritious and hygienically package available at affordable prices to e poorest sections of society, both in th and rural areas.

I would not like to make an issu Government's policy in reserving the for the small scale sector; indeed I wou see the small bakeries manufacture pro a standard and quality which can compe market place. But, at the same time, **the large and medium scale units, w already in the Industry, should strangled.**

While the New Industrial Policy pr that, "all sectors of Industry, whethe medium or large, belonging to the public or co-operative sector, will be encou grow and improve on their past perfor the actual policy of the Government relating to the small scale sector provi existing large and medium scale u barred from effecting any expansion in c The production capacities of such u frozen at levels prevailing at the reservation and in some instances, whe were required to apply for a Ca Business licence, the licence was iss the basis of artificial norms such as annual production prior to a particular

From April 1978, when bread and were reserved for the small scale secto present day, the productive capacity and medium units has been pegged. same time, during this period, there ha steep and all round increase in input co as raw materials, wages, power and f While to some extent, cost increases

hrough price increases, there are extent of price increases because of s. Ultimately, cost increases can be only through achieving economies is is not possible where productive are artificially frozen. Existing oday, in duction, y were At the ; there centive ment in sation timately higher ty, better quality and lower prices.



ld like to make the following ns to the Government:

d medium scale units in areas for the small scale sector must be a natural growth in production each year. Such growth can be any macro economic indicator.

l scale manufacturers of biscuits and ter primarily to the lower end of the and do not have the capability of cturing premium varieties of biscuits. given the investment limit of cs in the small scale sector, it is not for such units to manufacture n varieties.

be prudent, therefore, to selectively ve the premium varieties of biscuits ciality breads and to allow existing id medium scale units in the Bakery y to manufacture such products any restriction in capacity.

natural growth and selective de- on will not pose a threat to the ale sector as the two markets are exclusive.

ave already taken up this issue with the ent and hope that in the prevailing ent of pragmatism, the authorities will with sympathy and understanding to ems.

BUDGET

Budget proposals relating to excise ntain a grave omission as far as the ndustry is concerned. In order to give o the food processing and agro-based s, the Budget has exempted relatively products like milk powder, cheese, uces, jams and jellies from excise duty. gly, biscuits which are agro-based and re specifically to the lower income and the rural sector have not been d from excise duty. In fact, the excise iscuits has been increased from 10.5% to 11%.

I would like to place some facts for the consideration of the authorities:

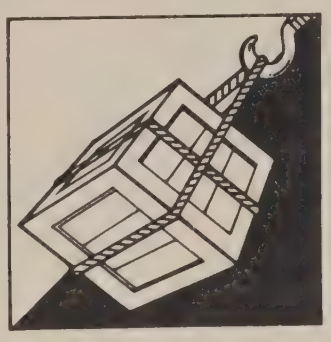
- *90% of the raw materials used in the manufacture of biscuits are agro-based, viz. wheat flour, sugar and edible vegetable oils.*
- *Biscuits are the cheapest, most convenient, nutritious and hygienic of the processed foods.*
- *55% of biscuits in India are consumed in the rural areas. 37% of biscuits are consumed by income groups below Rs. 750 per month.*
- *Over 33% of biscuit production in the organised sector is by small scale units.*

On behalf of the Industry, I appeal to the Government to set right the injustice done by not exempting biscuits from excise duty.

Exports

The new Trade Policy and the instrument of the Exim Scrip will give a boost to India's export drive. However, the Budget proposal in regard to the amendment to Section 80 HHC of the Income - tax Act, 1961 will work in the opposite direction. The amendment seeks to withdraw the tax credit under the section in respect of traded goods, while continuing the exemption for manufactured goods.

I would like to go back to the original intention of this provision, which was to encourage large companies with international connections and a strong domestic business base to treat exports as a main line activity. That this intention was successful is evident in the story of our Company's success in exports - growing rapidly from a merchant exporter to a Star Trading House.



The development of exports in many countries has been achieved through trading houses which have the advantage of a solid financial backing and strong marketing support. A large trading house in India would be able to:

- *Use its international connections for developing export markets and procuring orders for a host of small scale manufacturers.*
- *Provide finance for purchase of raw materials and working capital to the small scale manufacturers for executing export orders.*
- *Work on minimal margins by passing on maximum profits to the small scale manufacturers while retaining only the tax benefits for themselves.*

I would urge the Government to encourage the growth of trading houses like ourselves who are involved in genuine export activity through appropriate tax reliefs.

THE TEAM

Owing to their other business commitments, Mr W G Dunnington, Jr. and Mr J E Willett have laid down office as Directors of the Company. Their advice and guidance over the years was of great value and the Board would like to place on record their sincere appreciation of the valuable contributions made by them. I would like you to join me in welcoming to the Board of Directors, Ms G N Pillai and Mr J R Gagrat who have been appointed in the vacancies of Mr Dunnington and Mr Willett. Ms Pillai is a Director of several Britannia Group Companies and Mr Gagrat is well known in legal and corporate circles. They bring with them a wealth of experience to the Board.

On your behalf, I would like to record our thanks and appreciation to the team of management, staff and workers ably led by Mr S K Alagh.

THE FUTURE

In two years, our Company will be reaching its 75th year. During this period, our various plans for diversification will move from the drawing board to reality. I expect to see in markets, both in India and abroad, a host of value added food products with the "Britannia" brand name. This, together with the growth in our traditional business will make our platinum jubilee year a fitting one.

Thank you very much for your presence this morning.

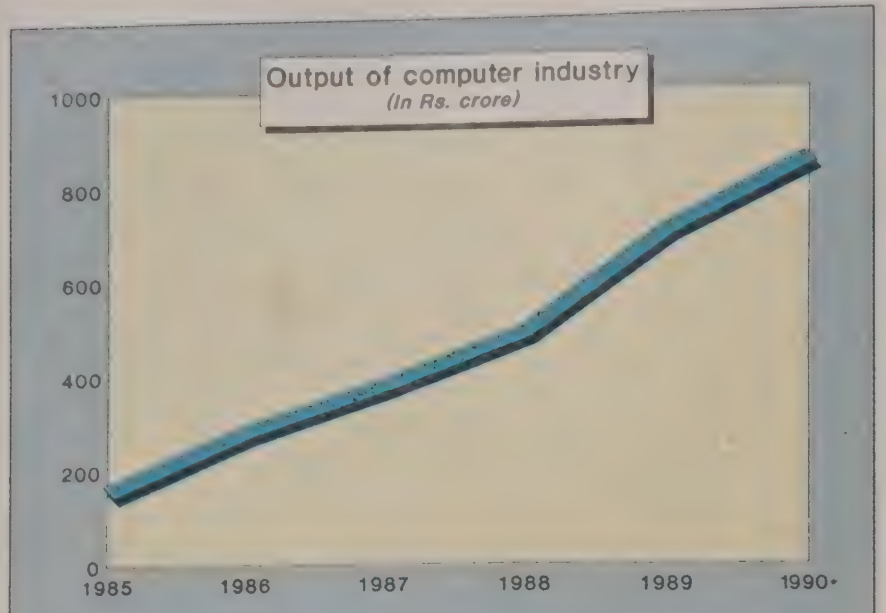
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BRITANNIA

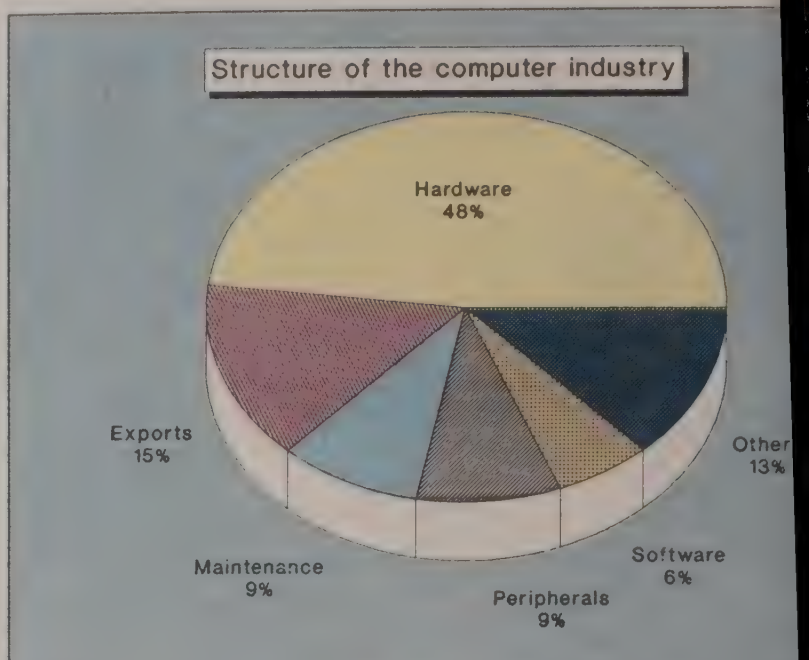
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Economic Indices



Computer production which was negligible in the early 1980s has emerged as a Rs.850-crore industry. About 100,000 computers were sold in 1989, of which 60 per cent were PCs, 25 per cent minis and 15 per cent main frames. In value terms the annual compound growth rate has been around 45 per cent.



Hardware accounted for nearly 50 per cent of the total sales revenue prisingly, software accounted for only 6 per cent. Over the next few industry analysts forecast that software will play an increasingly large

Wholesale price index: The wholesale price index of all commodities went up by a hefty 3.16 per cent during the month under review. In the case of primary articles the increase was nearly 5 per cent while for manufactured products it was 2.73 per cent.

(1981-82= 100)

	3 Aug '91	27 July '91	1 Sept '90	% change over month	% change over year
All commodities	208.3	201.9	180.7	3.16	15.27
Primary articles	221.6	211.2	184.3	4.92	20.2
Manufactured products	203	197.6	181.1	2.73	12.09

Consumer price index: The consumer price index for industrial workers was up 2.39 per cent in July 1991 and in the case of urban non-manual workers, 1.75 per cent. On a year-on-year basis the index for industrial workers was up 13.22 per cent as against 9.8 per cent in the corresponding period a year ago.

	July '91	June '91	July '90	% change over month	% change over year
Industrial Workers (1982=100)	214	209	189	2.39	13.22
Urban non manual workers (1984-85=100)	174	171	155	1.75	12.25

Bullion prices and stockmarket index: There was a marginal fall in the price of gold during the month under review, while that of silver crossed Rs.7,000. Due to restrictions imposed by the Bombay Stock Exchange, the sensex was marginally up.

	20 Sept '91	23 Aug '91	22 Sept '90	% change over month	% change over year
Gold (Bombay)	4,221	4,300	3,445	−1.8	22.52
Silver (Bombay)	7,055	6,819	6,850	3.46	2.99
BSE index (1978-79='100)	1,833.4	1,802.81	1,331.7	1.69	37.67

(The price of gold is in rupees per 10 gm and that of silver in rupees per kg)

Money and banking (scheduled commercial banks): The been a distinct slowdown in the growth of broad money s in recent months. As a result, the year-on-year increas dropped to 14.9 per cent as against 16.2 per cent in the period a year ago. While aggregate credit is up by 1.2 pe during the month under review, bank credit has declined b per cent.

(Rs

	23 Aug '91	26 July '91	24 Aug '90	% chang month
Broad money(M3)	2,79,739	2,77,989	2,41,905	0.62
Aggregate deposits	2,04,259	2,01,822	1,76,133	1.20
Bank credit	1,15,892	1,17,415	1,16,516	−1.29
Food credit	4,517	4,863	4,971	−7.11
Credit/Deposit ratio	56.74	58.18	57.3	

Industrial production and infrastructure: There was a sha cline of 28.2 per cent in the industrial production index in 1991. Crude oil production continued to decline for the s consecutive month. On the other hard there has been a increase in steel production in July (8.9 per cent) and only a ginal increase in coal production in June.

	Latest month	Previous month	Year ago	% chang month
Industrial production index	199(4)	277.1	197.3	−28.15
Railway freight (million tonnes)	28.76(12)	26.75	25.96	7.51
Crude oil production ('000 tonnes)	2,663(7)	2,619	2,836	−4.20
Power generation (million units/day)	714.86(6)	737.38	705.7	−3.05
Coal production ('00,000 tonnes/day)	5.20(6)	5.12	5.7	1.56
Steel production ('000 tonnes)	795(7)	730	746	8.9
Cement production ('000 tonnes)	4,170(6)	4,155	3,882	0.36

Figures in brackets indicate months

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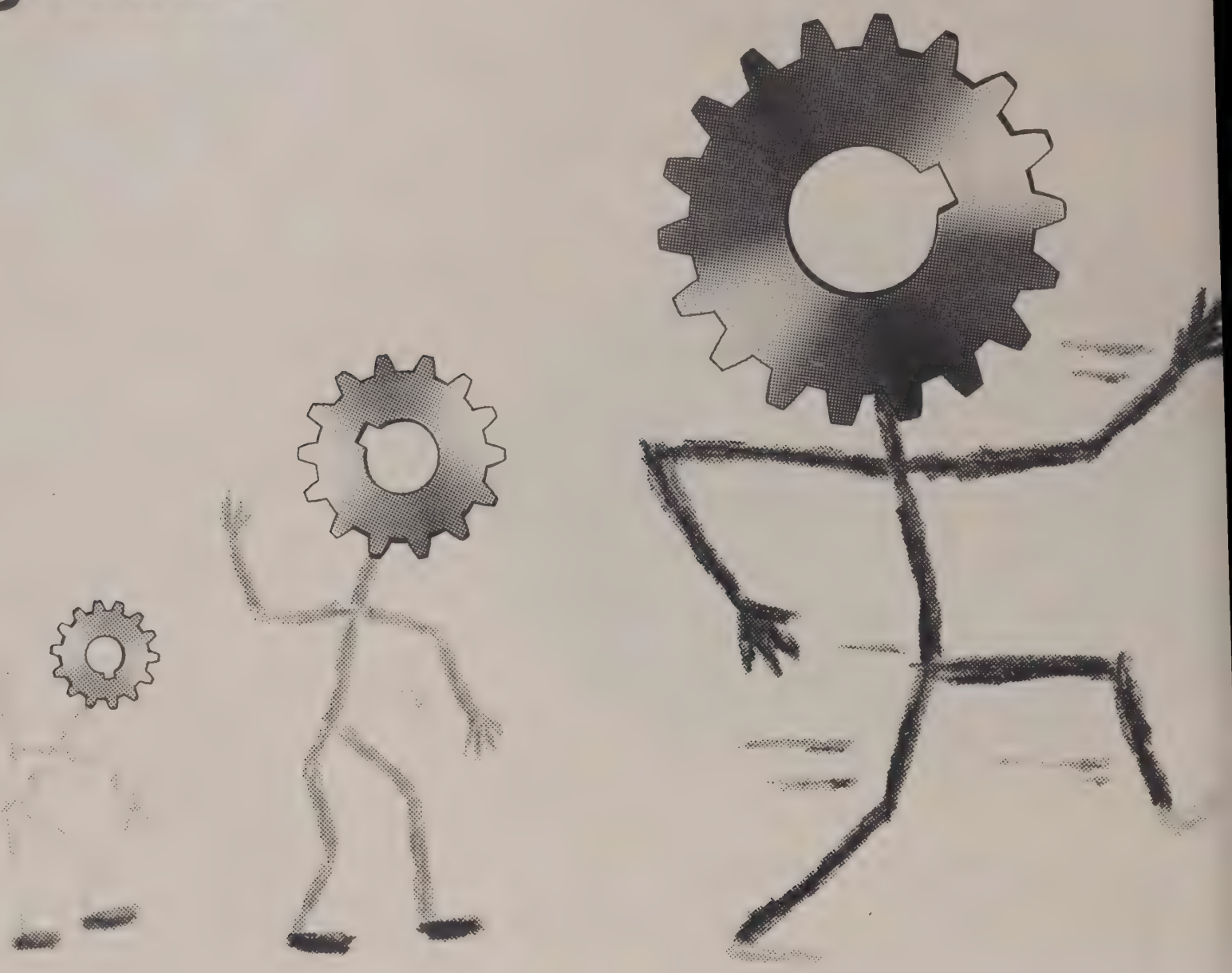
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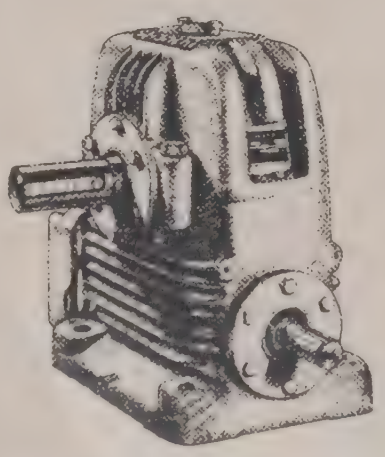
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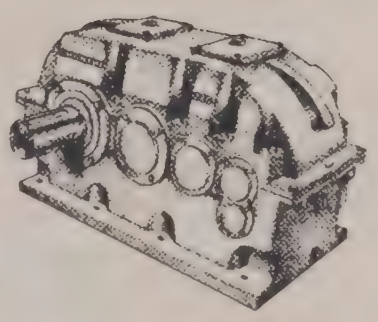
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India's opportunity



R RAHA

It would be petulant not to acknowledge the radical reforms that the new industrial policy represents. Pragmatism and the experience of Eastern Europe perhaps justify the caution that prevented greater change. Since the government's initiative will require industry's response, it is worth assessing what the apparent removal of the permit-licence raj actually means.

A primary objective of the new policy is claimed to be to attract foreign investment. Intentionally or otherwise, the arithmetic will have a limiting influence on the type of industry which can actually invest. Assuming a normal 2:1 debt-to-equity ratio and a foreign equity holding of 51 per cent, the extent of imported capital equipment thus permitted is only 17 per cent of the total project cost. Compare this with the 30 per cent of capital goods normally needed for high-technology areas, and it is clear that the advantage of this new regime can flow only to relatively low-technology areas.

Continuing obstruction

A second obstacle is the continuing obstruction in India to reasonable protection of intellectual property, namely enforceable patent rights. Any debate on this issue has tended to be sidetracked into socialistic philosophy, often a cover for the industrial lobby. As a consequence, it has failed to address the market truth that corporations will not risk the fruits of expensive research to wanton piracy.

Associated discrimination exists in areas like the policy on seeds, where foreign companies are forced to go through a process of certification which takes several years and testing, which in effect means licensing is under the control of the government.

Indian industry also has to be responsible. Relaxation on monopolies should encourage economies of scale in both plant size and business mergers. If, instead, this becomes synonymous with profiteering and price fixation, the critics' suspicions will have been justified. But rules on restrictive practices must apply to the public and private sectors alike. If our final product is expected to be cost-competitive in world markets, it cannot have the inbuilt handicap of a monopolistic raw material price or predatory pricing.

Just as our products need to compete in global markets, so let us recognise that India is going to have to compete for investment against alternatives of the Asia-Pacific, Eastern Europe and the likely upswing in the European and North American economies. Those who still believe in acts of faith and patient money are ignoring the fact that only a gambler would risk a long-term return on investment when an economy is undergoing such a massive upheaval as India's is.

The corporations most likely to invest in the first instance are the ones which are already here, have assets and so have a stake in India's future. The Indian government would be well advised to recognise that only if the companies reinvest will others be encouraged to bring in fresh investment.

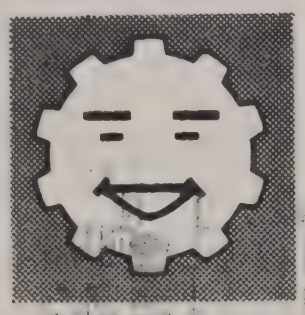
If such reinvestment is to take place, the Indian government must support the need to reshape existing portfolios, allow the exit of unprofitable businesses so that managerial attention can be focused on newer technologies and emerging markets. Global competitiveness can happen only if we promote higher productivity of labour and capital, greater awareness of quality and customer value.

There are many factors in India's favour. Unlike the communist countries, we have a flourishing stockmarket and the foundations of a market economy. We have professional managers and established institutes to provide both technical and managerial resources. The Indian businessman competes favourably with the best. Removal of protective trade barriers will certainly be painful initially but there is no reason to presuppose that we cannot succeed.

Provided we mean it. The doubts about India's sincerity are centred around our commitment to reform. The financial crisis has left us with little option but to introduce some of these measures. But are the politician and the bureaucrat sufficiently convinced to follow through? Pandering to populist sentiments as recently happened in the case of the fertiliser subsidy suggests that the politican is still prepared to squander the national interest to fulfil his own. The bureaucrat still has a chance. If in the implementation of the new policies he follows the spirit of the reform rather than the minutae of residual obstructive legislation, India can move ahead in the critical phase of the next three years. If not, there will be no reform but disaster.

e author is executive ector of ICI India , based in Delhi

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R K SWAMY 8800 IB

war footing

ever thought that bureaucrats ld have little work to do after the re- al of controls obviously did not take account the ability of politicians political parties in power to create k. Almost the entire Indian bureau- y is working on a war footing to rn out a report on the achievements he first 100 days of the Narasimha government. But, says a senior gov- ment official, "many ministries have been able to write the first word."

ajpayee's golden affe

ontroversial proposal on gold de- its suggested by the BJP supremo Atal



hari Vajpayee is attracting consider- le flak in the capital, even from within e BJP. Apparently, the scheme was sold Vajpayee by the publisher of the now funct magazine *Imprint* and a stable less well known specialist magazines, V. Pandit, who though a Catholic, is a sympathiser.

The proposal, which Vajpayee ex- ounded in his personal capacity and hich he intends to introduce in the Lok bha as a private member's bill, envis- ages the floating of gold bonds. Gold deposited under the scheme would be exchanged through a variety of avenues. This includes encashment at the price of gold at the then prevailing international price. Alternatively, it could be exchanged for land from the Central government pool. Finally, the bonds could be swapped for shares in Indian private-sector companies held by the financial institutions.

The scheme is evoking sharp comments because, feel analysts, it would allow smugglers and other racketeers to become real estate owners and take over companies by the back door.

Planning seesaw

The eighties saw the initiative for economic policy shifting from Yojana Bhavan, the home of the Planning Commission, to the prime minister's secretariat. The nineties have seen that initiative shift from there to the finance ministry. Last fortnight, however, the Planning Commission emerged briefly from Manmohan Singh's shadow after its first full meeting chaired by prime minister Narasimha Rao. Deputy chairman Pranab Mukherji discussed the new role of the commission in an environment where the emphasis is progressively shifting to the market.

"Indicative planning is what we will concentrate upon," said Mukherji. He then went on to put forth two alternative growth prospects for the economy — one, where a 5.6 per cent growth rate would be sought and another, a more ambitious 6 per cent. The full commission meeting endorsed the former.

Growth rates in any case will be the least of the economy's concerns over the next three years. Issues such as public-sector reform, the exit policy and centre-state relations will be the chief concerns. Only public-sector reform has been entrusted to Yojana Bhavan. It will undertake a detailed scrutiny both sectorwise and, if necessary, unitwise to improve the profitability of public-sector undertakings. Obviously, the government is still uncertain what it should do about the companies it owns.

Again, the three-member committee, set up to reconsider the revised Gadgil formula on centre-state relations, will have finance minister Manmohan Singh as its chairman (the others being Pranab Mukherji and C. Rangarajan). The exit policy will more or less be the preserve of the finance ministry, considering that Pranab Mukherji said nothing about it. The national fund set up to retrain retrenched workers will be entirely managed by the finance ministry.

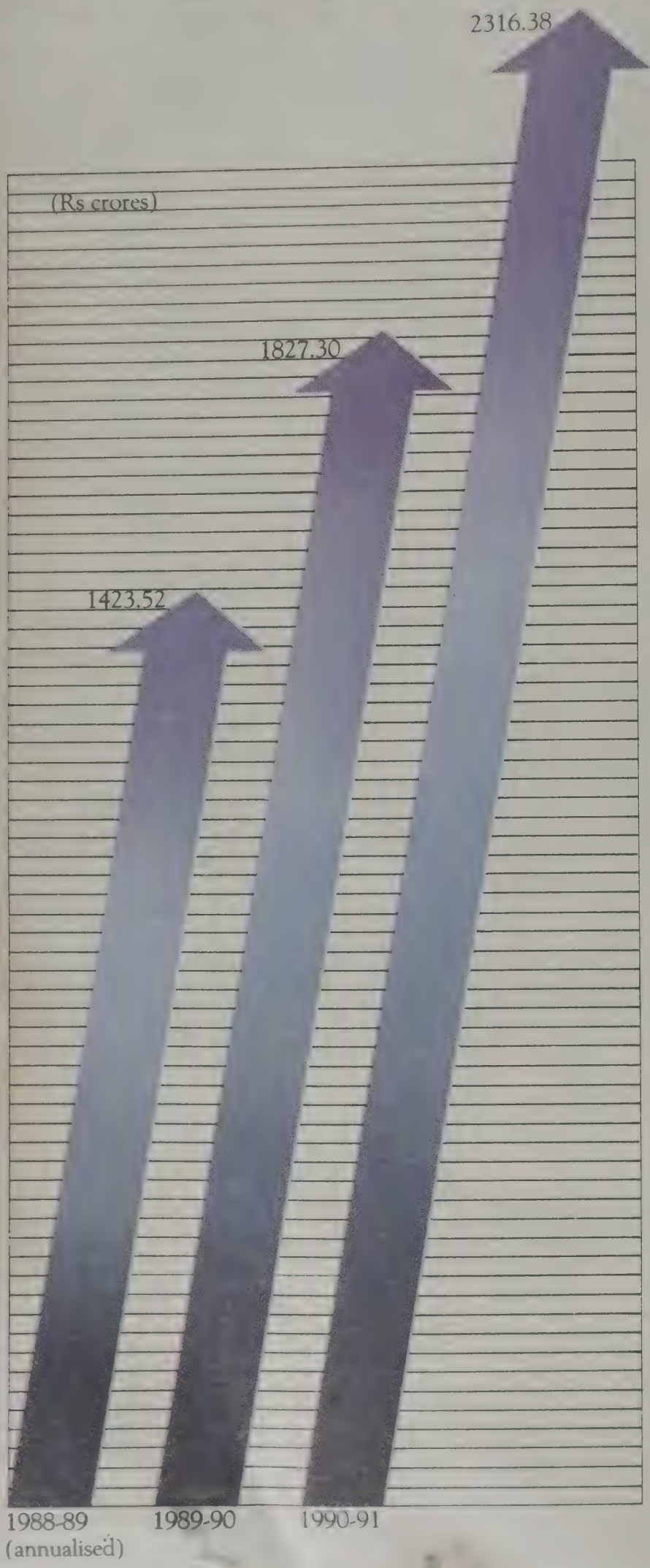
Manmohan foxed

In this year's Central budget, the government announced that the tax deduction at source scheme would be applicable to payment of commission on sale of lottery tickets by state lottery agencies. If finance minister Manmohan Singh thought he would add some revenue through this route, he is mistaken. He will not get even a single paisa. The reason is simple.



State lottery agencies selling a large number of tickets realised that if they had to deduct the tax on commission at source, they would have to hire additional staff. To get over this problem all of them are now representing that they are not paying any commission to lottery ticket wholesalers. Rather the whole transaction is shown as purchase and sale of goods.

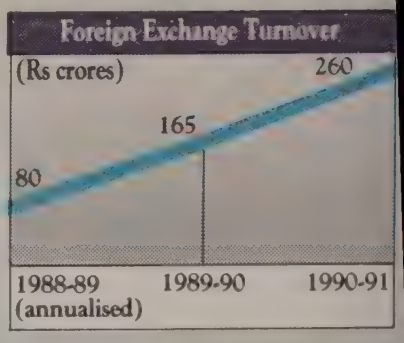
ITC turnover crosses Rs 2000 crores.



1990-91 Highlights

- 3:5 Bonus Shares recommended (1:1 Bonus Share issue in 1989).
- 54% Interim Dividend recommended, highest ever by ITC.

The year ended 31st March, 1991, has seen ITC record growth in every area. Turnover at Rs 2316.38 crores was 27% higher than the previous year's (Rs 1827.30 crores). Profits after tax grew by Rs 24.90 crores to Rs 77.52 crores. And foreign exchange turnover of Rs 260 crores was 58% more than 1989-90's Rs 165 crores.



Indeed, earnings from international businesses accounted for as much as 25% of net income (Rs 1014.46 crores). And, with inflow being almost ten times the outflow, ITC emerged as the largest earner of foreign exchange in the private sector.

Today, an increasing number of value-added products and services from ITC carry the 'Made in India' mark with pride to foreign markets. And strategically-located offices worldwide are spearheading ITC's mission as the Indian International.



New horizons, new hopes.

India Tobacco Division / Indian Leaf Tobacco Development Division / Packaging & Printing Division / Welcomgroup — Hotels Division
International Business Division / Agri Businesses Division / Bhadrachalam Paperboards Ltd — a company promoted by ITC

THE BUSINESS INDIA

SUPER 100

INDIA'S MOST OUTSTANDING PRIVATE COMPANIES

RANKED ON

✦

SALES

✦

PROFITS

✦

MARKET VALUE

✦

PRODUCTIVITY

✦

ASSETS

THE BUSINESS INDIA
SUPER
100

The best and th

Fiscal 1990-91 will definitely go down in India's history as the year in which the country experienced some of its most turbulent times. Caste and religion-related riots, the violence of secessionists and months of political uncertainty are hardly the backdrop against which an economy does well. But despite these distractions, the Indian private corporate sector did exceedingly well during the year. This was one of the more interesting findings encountered while we were compiling the second annual *Business India* Super 100 list of India's most outstanding private companies. As last year, the best and the brightest of the corporate sector have been ranked using four parameters — sales, net profits, market capitalisation and net fixed assets.

The task was not very easy considering that even six months after the year-ending it is not easy to procure audited annual reports of companies. In fact, many companies are nowhere near having their annual reports printed and we have been constrained to use their last year's figures.

There is also the lack of a perfect indicator of performance to contend with. Investors might think market price and, hence, market capitalisation is a good measure, though a better social measure of performance, as measured by contribution to the national product, would be a company's sales. Fixed assets are a good measure for the capital intensive sectors but do not take into account the age of the assets or the effects of inflation. Also, the growing services sector will always appear assets-short (though it will be long on human resources) and is better measured by profits.

While staying with last year's measure for the Super 100 ranking, we have added a new dimension of labour productivity as a separate indicator. Capital was artificially cheap through the eighties and companies rushe acquire assets. Now, with liberalis capital is properly priced and the f belongs to those companies that ca the best out of their human assets.

A measure of the phenomenal n of corporate growth is that last y "cut-off" of a Rs.150-crore turnove inclusion in the rankings no lo makes sense. This year we have cho Rs.200-crore turnover as the quali mark; even then, the number of c panies in the list is 129. After compa were ranked in each of four separate egories — in sales, in profits, in a and in market capitalisation — the of these ranks determined their posi in the *Business India* Super 100 list.

No surprises about the overall win Despite losing out to stablemate Engineering (Telco) in the sales r Tata Steel (Tisco) retains its position.

The surprise is the second ran



rightest

TOP 10			
Super 100 Rank '91	Super 100 Rank '90	Company	Group
1	1	Tata Iron & Steel	Tata
2	3	Tata Eng	Tata
3	2	Reliance	Ambani
4	4	Grasim	A.V. Birla
5	5	Larsen & Toubro	Professional
6	11	ACC	Tata
7	8	Century Text	B.K. Birla
8	9	Guj State Fert	Joint Sector
9	13	ITC	Multinational
10	6	Bajaj Auto	Bajaj

overtook Reliance for the second by virtue of its superior performce in sales and profitability. Reie was hamstrung over the year by a ession in petrochemical demand folng sharp increases in raw material s during the Gulf war.

hile the top five thus played musical rs, a new entrant into the top 10 is by virtue of cement's spectacular ormance in 1990. In fact, cement has ed several companies improve their tions this year by virtue of strong wings in the turnover, profits and ket value departments. Among the ers on this count are Birla Jute (from o 16), Jaiprakash Industries (from 30 2), India Cement (from 107 to 42), oram (from 83 to 54) and Mysore nent (from 90 to 56).

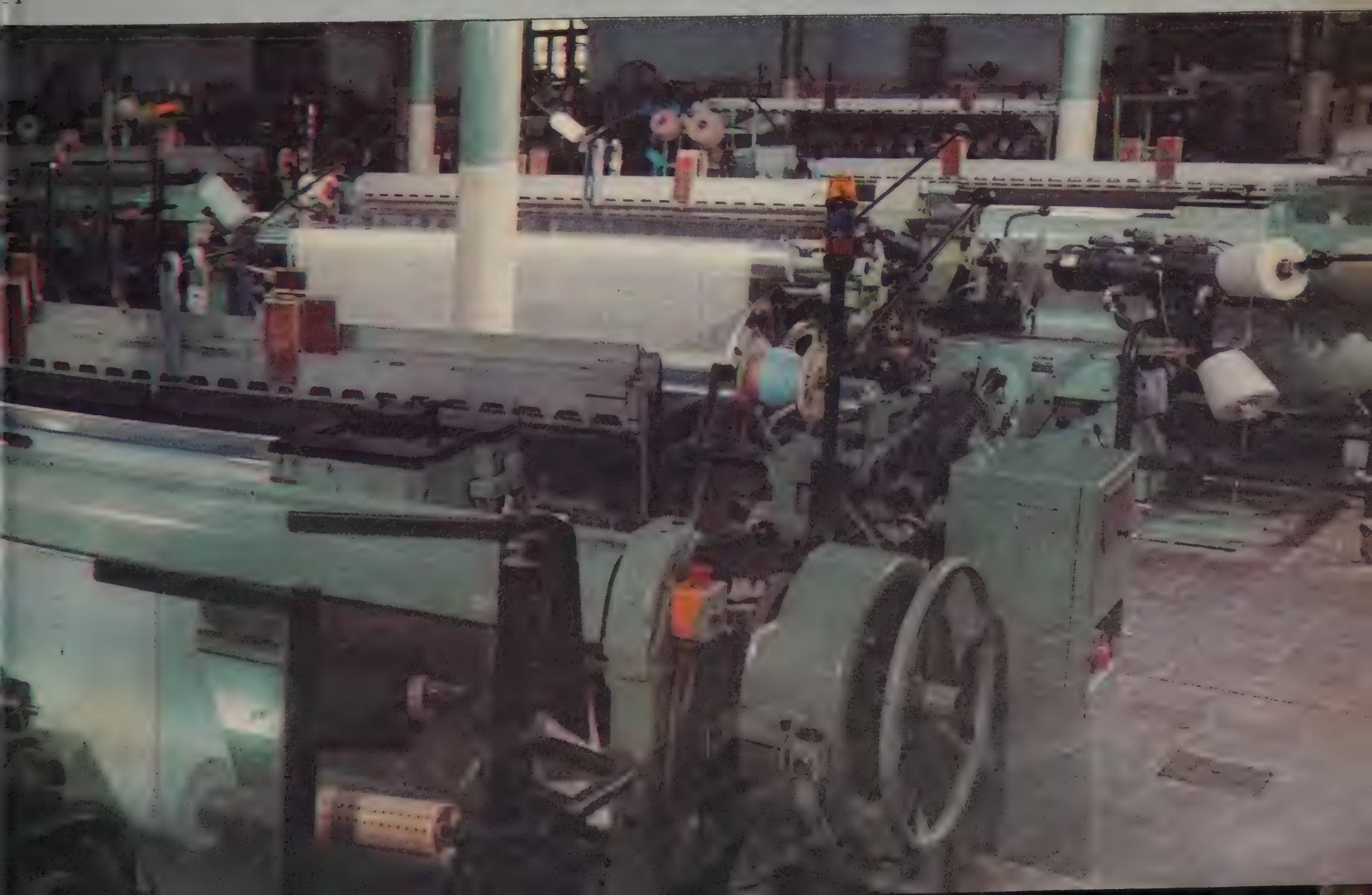
he laggards in the Super 100 list at- to the bad year that synthetic fibres had. Baroda Rayon, for instance, oped from 44 to 84 and Indian Organic from 72 to 96. Other industries that performed relatively poorly include breweries, paints and tyres.

New entrants to the Super 100 list come from a variety of backgrounds. There are the Munjals, newly in with a souped-up Hero Honda (87) and the Mittals with Nippon Denro (78) due to a large increase in assets deployed.

The high-profile R.P. Goenka group managed only 2 adjacent entries in the list with Ceat (44) and CESC (45). The troubled Chhabrias still managed 2 listings, Dunlop at 68 and Shaw Wallace at 90. The Tatas led the family listings with 10 entries with the B.K.-A.V.Birla combine following with 7.

Interestingly, 9 of the top 10 in the Super 100 list are managed by groups that are headquartered in Western India. So, too, for 56 of the total 100. This speaks volumes for the entrepreneurship of the west and, perhaps, for the relative decline of the east and south.

Capital intensiveness dominates every category's list, including that of the Super 100. Only 5 companies, ICICI (15), Tata Tea (29), Brooke Bond (46), HDFC (81) and Lipton (83), qualify as predominantly service industries. Yet their profit rankings, with the exception of Lipton, are in all cases much higher than their Super 100 ranking. There are no computer companies on the Super 100 list, although HCL just made it into the top 100 ranked by profits. It is quite clear, we have not made good use of our most abundant asset, labour.



THE BUSINESS INDIA

SUPER 100

Super 100 Rank '91	Super 100 Rank '90	Company	Group	Sales	Rank '91	Profit	Rank '91	Mkt Value	Rank '91	Assets
1	1	Tata Iron & Steel	Tata	2330.83	2	160.13	1	5448.39	1	1713.79
2	3	Tata Eng	Tata	2595.99	1	142.05	2	3459.99	2	526.75
3	2	Reliance	Ambani	2138.17	4	125.55	4	2608.86	3	1482.57
4	4	Grasim	A.V. Birla	1323.39	7	100.53	6	2019.19	6	437.75
5	5	Larsen & Toubro	Professional	1433.53	6	91.34	7	1112.44	12	582.23
6	11	ACC	Tata	1169.69	10	121.28	5	2134.87	5	289.40
7	8	Century Text	B.K. Birla	883.89	14	82.38	8	1650.44	7	355.99
8	9	Guj State Fert	Joint Sector	751.60	19	48.33	16	1399.95	9	373.10
9	13	ITC	Multinational	2316.38	3	77.52	9	2255.56	4	162.25
10	6	Bajaj Auto	Bajaj	1214.56	8	51.00	15	742.99	19	304.85
11	10	Hind Lever	Multinational	1207.13	9	65.85	10	1434.79	8	179.19
12	12	Hindalco	A.V. Birla	696.52	21	64.82	11	1366.64	10	227.43
13	7	Cochin Refineries	Joint Sector	1489.99	5	60.81	12	551.44	32	287.48
14	17	Ballarpur	Thapar	713.52	20	42.26	18	651.00	25	296.05
15	14	ICICI	Professional	783.46	17	134.82	3	366.66	46	260.52
16	37	Birla Jute	Late M.P. Birla	548.94	33	39.17	20	835.17	15	209.67
17	19	Indian Aluminium	Multinational	584.15	27	51.73	13	861.13	14	117.70
18	20	Escorts	H.P. Nanda	975.94	12	33.40	26	559.35	30	165.90
19	21	Tata Chem	Tata	344.66	58	44.45	17	730.12	22	339.42
20	15	Century Enka	B.K. Birla	523.36	37	32.53	30	988.55	13	205.40
21	16	Tata Power	Tata	476.51	43	34.64	24	438.10	39	497.66
22	30	Jaiprakash	Gaur	507.04	42	33.12	28	451.44	38	441.72
23	24	Ashok Leyland	Hinduja	927.41	13	26.26	36	476.44	35	166.14
24	28	Bombay Dyeing	Wadia	457.17	45	35.92	22	736.22	20	171.98
25	34	Great Eastern	Sheth	289.06	75	37.14	21	747.70	18	326.74
26	32	Raymond Woollen	V. Singhania	437.67	47	29.94	33	635.14	26	192.37
27	22	Indian Rayon	A.V. Birla	508.49	41	15.04	62	654.57	24	329.24
28	23	National Organic	A. Mafatlal	515.90	39	35.75	23	576.00	29	104.38
29	27	Tata Tea	Tata	307.10	68	51.58	14	801.36	16	101.42
30	47	Oswal Agro Mills	A. Oswal	301.50	72	41.82	19	425.61	40	206.04
31	46	ICI	Multinational	756.82	18	21.13	44	286.09	57	148.48
32	18	J.K. Synthetics	G. Singhania	839.23	16	7.03	92	288.38	56	614.06
33	40	JCT	Thapar	364.62	55	23.09	39	294.77	53	198.79
34	64	Peico Electronics	Multinational	569.30	30	29.20	35	383.18	44	81.92
35	39	Madura Coats	Multinational	403.88	49	32.67	29	468.92	36	85.09
36	26	Mah & Mah	Mahindra	1037.90	11	12.32	71	170.93	80	268.76
37	42	Colgate	Multinational	328.48	62	34.50	25	1234.02	11	47.63
38	52	BSES	Professional	466.76	44	33.17	27	125.77	92	224.77
39	43	Crompton Greaves	Thapar	624.37	25	21.22	43	268.80	59	89.74
40	35	Voltas	Tata	549.62	32	18.30	51	267.84	60	110.60
41	45	MRF	Mapillai	686.60	22	19.08	49	241.25	67	107.42
42	107	India Cements	Sanmar	259.37	92	19.10	48	551.65	31	226.28
43	71	Jindal Strips	Jindal	343.37	59	20.45	45	380.88	45	122.23
44	48	Ceat	R.P. Goenka	515.39	40	22.44	40	202.95	73	130.61
45	33	CESC	R.P. Goenka	542.97	34	9.38	84	167.80	83	626.37
46	38	Brooke Bond	Multinational	649.52	23	31.44	32	618.10	28	16.86
47	41	Nestle	Multinational	314.83	65	15.10	60	732.40	21	96.35
48	61	Hindustan Develop	R.P. Modi	277.58	80	16.23	55	327.80	51	257.65
49	67	Indogulf Fert	A.V. Birla	310.31	66	−1.33	124	783.37	17	551.65
50	36	Andh Valley Pow	Tata	286.33	77	21.34	42	158.10	84	297.02

Super 100 Rank '90	Company	Group	Sales	Rank '91	Profit	Rank '91	Mkt Value	Rank '91	Assets	Rank '91
50	Motor Industries	Multinational	332.40	61	14.93	63	618.31	27	83.64	72
29	Mukand	V. Shah	581.65	28	11.65	75	265.32	61	98.76	65
49	Videocon Intnl	Dhoot	517.26	38	26.17	37	202.30	74	71.95	81
83	Kesoram	B.K. Birla	301.65	71	9.66	83	288.44	55	282.71	23
31	GNFC	Joint Sector	323.12	63	1.35	119	364.86	47	509.88	8
90	Mysore Cements	S.K. Birla	242.71	100	17.34	53	408.64	42	158.61	43
60	Orient Paper	G.P. Birla	321.48	64	19.18	47	229.00	70	109.22	59
25	Southern Petro	Chidambaram	853.58	15	6.27	98	217.60	72	109.65	58
57	SKF Bearings	Multinational	201.66	124	17.66	52	716.59	23	149.07	46
56	Hindustan Motors	C.K. Birla	644.36	24	0.25	121	231.94	69	198.66	35
65	Kirloskar Cummins	S.L. Kirloskar	277.72	79	18.79	50	462.00	37	63.82	83
55	Polyolefins	A. Mafatlal	265.39	84	16.06	56	294.32	54	110.22	57
53	Premier Auto	Walchand	559.10	31	14.52	64	130.79	88	86.24	69
68	Siemens	Multinational	390.63	51	11.30	77	488.09	34	48.07	91
62	Glaxo	Multinational	370.27	53	10.60	81	345.00	50	84.00	71
66	T.N. Petro	Chidambaram	229.40	107	20.33	46	280.31	58	157.08	44
73	Bharat Forge	Kalyani	247.10	96	14.43	65	351.12	49	120.43	53
51	Dunlop	Chhabria	608.95	26	11.82	73	170.91	81	62.24	84
59	Hoechst	Multinational	280.65	78	6.67	94	383.20	43	123.17	50
81	Straw Products	H. Singhania	213.13	116	15.06	61	220.55	71	256.68	27
69	Hind Ciba Geigy	Multinational	302.18	70	14.40	66	524.56	33	31.13	106
54	Asian Paints	Choksey	263.49	86	15.83	59	321.88	52	76.21	78
74	Ahmedabad Electric	Professional	269.85	81	7.85	89	122.47	93	349.66	14
70	J.K. Industries	H.S. Singhania	336.87	60	16.63	54	186.03	77	59.33	87
63	Britannia	Pillai	368.01	54	10.05	82	352.83	48	40.36	98
94	Apollo Tyres	R. Singh	201.28	125	14.37	67	415.05	41	120.47	52
80	Standard	R. Mafatlal	266.68	83	16.03	57	152.08	85	107.23	62
102	Nippon Denro	Mittal	356.14	57	11.35	76	57.66	121	174.84	38
88	VST	Multinational	446.14	46	23.39	38	149.58	86	14.57	126
58	Coromandel Fert	Professional	260.72	90	31.58	31	188.48	76	37.77	101
84	HDFC	Professional	263.41	87	29.81	34	169.94	82	38.68	100
75	Modi Rubber	V.K. Modi	525.61	36	7.10	90	101.20	105	65.67	82
76	Lipton	Multinational	573.42	29	5.83	102	252.00	62	18.52	120
44	Baroda Rayon	Gaekwad	257.41	93	3.68	111	250.64	63	144.21	48
85	Lakshmi Mach	Lakshmi	269.53	82	10.76	80	244.00	65	58.57	88
95	Ranbaxy Labs	B.M. Singh	260.32	91	12.11	72	250.25	64	53.52	89
119	Hero Honda	B.L. Munjal	215.52	115	15.84	58	243.70	66	60.28	86
104	Godfrey Phillips	K.K. Modi	535.92	35	11.75	74	127.40	91	16.84	125
79	McDowell	Mallya	301.29	73	6.50	96	74.92	113	156.44	45
77	Shaw Wallace	Chhabria	402.41	50	9.14	85	182.40	78	18.04	121
92	Modipon	K.K. Modi	240.78	101	22.03	41	64.68	116	72.93	80
78	Special Steels	Tata	226.68	111	12.66	70	239.19	68	41.64	96
86	Zuari Agro	K.K. Birla	287.19	76	11.02	79	111.87	98	42.24	95
103	Kelvinator	Multinational	297.58	74	13.89	68	104.88	100	27.01	109
108	Indian Dyestuff	R. Mafatlal	264.47	85	8.89	87	130.06	90	46.40	94
72	Indian Org Chem	B.M. Ghai	251.03	95	4.74	109	130.64	89	86.45	68
93	VXL	S.K. Birla	304.29	69	-0.31	122	66.52	115	114.08	55
91	Rallis	Tata	430.22	48	1.13	120	110.28	99	41.43	97
109	Union Carbide	Multinational	232.39	105	13.19	69	172.67	79	23.84	113
100	Bata	Multinational	357.75	56	7.95	88	103.95	101	17.55	122

Definitions and explanations underlying the figures are on page 77; all figures are in Rs. crore

THE BUSINESS INDIA
SUPER
100

SALES

TOP 10

Rank '91	Rank '90	Company	Sales '91	Sales '90	Growth rate (%)
1	2	Tata Eng	2595.99	1969.10	31.84
2	1	Tata Iron & Steel	2330.83	2134.75	9.19
3	4	ITC	2316.38	1827.30	26.77
4	3	Reliance	2138.17	1860.83	14.90
5	5	Cochin Refineries	1489.99	1343.28	10.92
6	8	Larsen & Toubro	1433.53	1024.07	39.98
7	6	Grasim	1323.39	1077.91	22.77
8	7	Bajaj Auto	1214.56	1058.56	14.74
9	9	Hind Lever	1207.13	1011.13	19.38
10	10	ACC	1169.69	990.42	18.10

Ten winners in sales growth

Rank '91	Rank '90	Company	Sales '91	Sales '90	Growth rate (%)
57	127	Nippon Denro	356.14	105.24	238.41
92	126	India Cements	259.37	148.51	74.65
69	114	VXL	304.29	179.68	69.35
55	86	JCT	364.62	227.02	60.61
42	51	Jaiprakash	507.04	327.73	54.71
100	121	Mysore Cements	242.71	165.82	46.37
82	110	Lakshmi Mach	269.53	185.43	45.35
6	8	Larsen & Toubro	1433.53	1024.07	39.98
87	104	HDFC	263.41	194.35	35.53
30	37	Peico Electronics	569.30	421.97	34.91

Ten laggards in sales growth

Rank '91	Rank '90	Company	Sales '91	Sales '90	Growth rate (%)
90	59	Coromandel Fert	260.72	282.17	−7.60
63	52	GNFC	323.12	323.85	−0.23
95	74	Indian Org Chem	251.03	245.57	2.22
80	65	Hind Develop	277.58	268.10	3.54
78	63	Hoechst	280.65	270.46	3.77
93	73	Baroda Rayon	257.41	247.93	3.82
26	23	Dunlop	608.95	585.89	3.94
89	70	E.I.D.-Parry	261.89	251.75	4.03
24	20	Hind Motors	644.36	617.58	4.34
28	25	Mukand	581.65	553.72	5.04

The Business India Sales 100 list starts with one major change: Telco has replaced Tisco as the leader. The change is due almost entirely to last year's Gulf war which raised the price of freight and coal (crucial ingredients for Tisco) and on-going steel price control which caused Tisco's sales to stagnate at an inflation-adjusted growth rate of −3 per cent.

Indogulf Fertilisers, which started operations last year, entered the list immediately. Another new entrant is Nippon Denro, maker of rolled steels, whose expansion project got off the ground last year. Two cement companies have also made it, thanks to the boom in cement — India Cements (92) and Mysore Cements (100).

The growth leaders have three cement manufacturers among them, while Peico makes the list as a result of its turnaround. The laggards have the common thread of fertilisers in three of them, while the rise in petroleum prices accounted for the fortunes of Baroda Rayon.

Overall, the compan
the Sales 100 record
growth of 19 per ce
sales, marginally ove
economy's overall gr
rate of 17 per cent (in r
nal terms). They contr
Rs.62,900 crore to
product — about 13
cent.

Look for close com
tion in the fiscal
1991-92. While the hea
growth of the econ
bodes well for Telco to
Rs.3,000 crore (anal
consensus estimates
Rs.3,400 crore), Ti
modernisation plan has
begun and is expecte
take its turnover
Rs.5,000 crore by 1
However, the bulk of
addition to turnover
not take place until
year. Meanwhile, nur
three, ITC, is grow
strongly with its export
pected to nearly doub
Rs.450 crore this year. S
cigarette is as recess
proof an industry as
ever be, ITC could be the
prise leader of next yea

Meanwhile, the pos
merger between Reli
Industries and Reliance
trochemicals could sha
change its rank to No.1

Rank '90	Company	Sales '91	Sales '90	Growth rate (%)
11	Mah & Mah	1037.90	921.61	12.62
14	Escorts	975.94	769.82	26.78
17	Ashok Leyland	927.41	691.43	34.13
15	Century Text	883.89	744.78	18.68
12	Southern Petro	853.58	812.42	5.07
13	J.K. Synthetics	839.23	781.17	7.43
21	ICICI	783.46	599.64	30.66
18	ICI	756.82	642.44	17.80
16	Guj State Fert	751.60	693.36	8.40
22	Ballarpur	713.52	591.75	20.58
19	Hindalco	696.52	620.79	12.20
24	MRF	686.60	575.09	19.39
26	Brooke Bond	649.52	551.75	17.72
20	Hindustan Motors	644.36	617.58	4.34
28	Crompton Greaves	624.37	517.32	20.69
23	Dunlop	608.95	585.89	3.94
27	Indian Aluminium	584.15	548.04	6.59
25	Mukand	581.65	553.72	5.04
33	Lipton	573.42	471.66	21.57
37	Peico Electronics	569.30	421.97	34.91
36	Premier Auto	559.10	465.17	20.19
30	Voltas	549.62	503.73	9.11
31	Birla Jute	548.94	488.06	12.47
29	CESC	542.97	512.13	6.02
34	Godfrey Phillips	535.92	468.41	14.41
32	Modi Rubber	525.61	482.26	8.99
42	Century Enka	523.36	408.75	28.04
41	Videocon Internation	517.26	417.77	23.81
35	National Organic	515.90	467.46	10.36
39	Ceat	515.39	421.27	22.34
40	Indian Rayon	508.49	420.93	20.80
51	Jaiprakash	507.04	327.73	54.71
38	Tata Power	476.51	421.70	13.00
44	BSES	466.76	390.20	19.62
43	Bombay Dyeing	457.17	393.99	16.04
45	VST	446.14	376.91	18.37
48	Raymond Woollen	437.67	350.91	24.72
47	Rallis	430.22	362.82	18.58
49	Madura Coats	403.88	340.36	18.66
46	Shaw Wallace	402.41	368.55	9.19
57	Siemens	390.63	296.81	31.61
50	Tata Oil Mills	387.22	339.50	14.06
56	Glaxo	370.27	307.60	20.37
54	Britannia	368.01	321.27	14.55
86	JCT	364.62	227.02	60.61

Rank '91	Rank '90	Company	Sales '91	Sales '90	Growth rate (%)
56	53	Bata	357.75	321.85	11.15
57	127	Nippon Denro	356.14	105.24	238.41
58	55	Tata Chem	344.66	307.75	11.99
59	60	Jindal Strips	343.37	280.90	22.24
60	58	J.K. Industries	336.87	292.93	15.00
61	64	Motor Industries	332.40	269.51	23.33
62	61	Colgate	328.48	277.12	18.53
63	52	GNFC	323.12	323.85	−0.23
64	75	Orient Paper	321.48	245.18	31.12
65	68	Nestle	314.83	258.80	21.65
66	129	Indogulf Fert	310.31	0.00	0.00
67	67	Amrit Banaspati	310.28	260.85	18.95
68	62	Tata Tea	307.10	270.49	13.53
69	114	VXL	304.29	179.68	69.35
70	71	Hind Ciba Geigy	302.18	250.89	20.44
71	90	Kesoram	301.65	225.61	33.70
72	79	Oswal Agro Mills	301.50	235.33	28.12
73	77	McDowell	301.29	243.51	23.73
74	81	Kelvinator	297.58	233.40	27.50
75	83	Great Eastern	289.06	229.13	26.16
76	66	Zuari Agro	287.19	264.27	8.67
77	69	Andhra Valley Power	286.33	253.96	12.75
78	63	Hoechst	280.65	270.46	3.77
79	82	Kirloskar Cummins	277.72	233.33	19.02
80	65	Hindustan Develop	277.58	268.10	3.54
81	85	Ahmedabad Electricit	269.85	227.27	18.74
82	110	Lakshmi Mach	269.53	185.43	45.35
83	72	Standard	266.68	248.37	7.37
84	84	Polyolefins	265.39	227.79	16.51
85	96	Indian Dyestuff	264.47	217.03	21.86
86	87	Asian Paints	263.49	226.77	16.19
87	104	HDFC	263.41	194.35	35.53
88	76	GTC	262.65	244.82	7.28
89	70	E.I.D.-Parry	261.89	251.75	4.03
90	59	Coromandel Fert	260.72	282.17	−7.60
91	99	Ranbaxy Labs	260.32	207.41	25.51
92	126	India Cements	259.37	148.51	74.65
93	73	Baroda Rayon	257.41	247.93	3.82
94	93	Bajaj Tempo	251.61	221.22	13.74
95	74	Indian Organic Chem	251.03	245.57	2.22
96	103	Bharat Forge	247.10	196.49	25.76
97	89	LML	246.68	225.76	9.27
98	95	Vikrant Tyres	246.32	219.32	12.31
99	107	Tube Investments	243.19	190.21	27.85
100	121	Mysore Cements	242.71	165.82	46.37

efinitions and explanations underlying the figures are on page 77; all figures are in Rs. crore

THE BUSINESS INDIA SUPER 100

PROFITS

There has been a major change in the parameter that we have used this year for ranking the top 100 companies by the profits they earn. As against the gross profit figure that was the criterion in 1990, this time it is net profit, ie, profit after tax and net depreciation.

Though not exactly because of the change in parameter, there are some remarkable ups and downs in the top 10 ranking for this year. Tisco continues to lead the pack with a total net profit of Rs.160 crore, but the growth it has managed to achieve is only of around 7.8 per cent. Though this is comparable to last year's 7.5 per cent, it is still poor, considering the inflation factor. Telco continues to be in the second position (last year's net profit figure was used for comparison). But unlike Tisco, the truck giant did extremely well recording a 38 per cent jump in profits. ICICI, though new entrant, is in the third position and Reliance Industries continues to be number four. Among the new entrants are ACC which jumped from rank 32 to 5, Larsen & Toubro (15 to 7), Century Textiles (from 12 to 8) and ITC (from 14 to 9) respectively. Of course, the success of ACC, L&T, Grasim and Century can all be attributed to the impressive performance of their cement divisions. Among those that lost out this year include Bajaj Auto (from position 8 to position 15); Cochin Refin (from 5 to 12); Hind (from 6 to 11) and In Aluminium (from 9 to

Cement continues an important factor i termining the top 10 ners this year in p growth. There are as m as five companies who benefited from the huge in cement prices ac 1990-91. These include oram (1688 per cent); Jute (742 per cent); I Cement (577 per cent); sore Cement (501 per c and ACC (424 per cent). big winner, of course, been Hero Honda wh had a spectacular tu around in the year go from a loss of Rs.32 lak a profit of Rs.15.84 cro

ICI, despite a poor formance, manages to ure in the winners' because of a crucial bala sheet adjustment. A fig of Rs.18 crore turned ou selling its Crescent Ho office building in So Bombay has been added to the profit figures. Am the laggard list is an arra names including Spic, C tury Enka, HCL, Shaw W lace, CESE and Hoec Spic's profits declined b much as 72 per cent.

On the whole, the profit figure of the top companies showed a 27 cent growth which was markable considering ri inflation. Total pro stood at Rs.3,075 cr which, however, works to less than five per cen the total sales figures of top 100 companies.

TOP 10

Rank '91	Rank '90	Company	Profit '91	Profit '90	Growth rate (%)
1	1	Tata Iron & Steel	160.13	148.53	7.81
2	2	Tata Eng	142.05	102.54	38.53
3	3	ICICI	134.82	97.14	38.79
4	4	Reliance	125.55	90.50	38.73
5	30	ACC	121.28	23.14	424.11
6	7	Grasim	100.53	60.04	67.44
7	15	Larsen & Toubro	91.34	42.97	112.57
8	12	Century Text	82.38	54.37	51.52
9	14	ITC	77.52	52.62	47.32
10	10	Hind Lever	65.85	54.97	19.79

Ten winners in profits growth

Rank '91	Rank '90	Company	Profit '91	Profit '90	Growth rate (%)
58	120	Hero Honda	15.84	−0.32	5050.00
83	117	Kesoram	9.66	0.54	1688.89
35	112	Peico Electronics	29.20	2.40	1116.67
20	101	Birla Jute	39.17	4.65	742.37
48	109	India Cements	19.10	2.82	577.30
53	122	Mysore Cements	17.34	−4.32	501.39
5	30	ACC	121.28	23.14	424.11
44	124	ICI	21.13	−9.77	316.27
38	89	VST	23.39	5.93	294.44
76	107	Nippon Denro	11.35	3.42	231.87

Ten laggards in profits growth

Rank '91	Rank '90	Company	Profit '91	Profit '90	Growth rate (%)
98	31	Southern Petro	6.27	23.07	−72.82
92	42	J.K. Synthetics	7.03	18.35	−61.69
30	11	Century Enka	32.53	54.87	−40.71
75	37	Mukand	11.65	19.03	−38.78
100	74	HCL	6.14	9.60	−36.04
85	55	Shaw Wallace	9.14	13.93	−34.39
95	72	Goodyear	6.67	9.79	−31.87
84	58	CESC	9.38	13.25	−29.21
94	76	Hoechst	6.67	9.05	−26.30
62	36	Indian Rayon	15.04	19.79	−24.00

Rank '90	Company	Profit '91	Profit '90	Growth rate (%)
6	Hindalco	64.82	64.41	0.64
5	Cochin Refineries	60.81	64.46	-5.69
9	Indian Aluminium	51.73	58.50	-11.57
17	Tata Tea	51.58	41.49	24.32
8	Bajaj Auto	51.00	59.02	-13.59
13	Guj State Fert	48.33	54.09	-10.65
18	Tata Chem	44.45	40.74	9.11
21	Ballarpur	42.26	38.16	10.74
24	Oswal Agro Mills	41.82	26.90	55.46
101	Birla Jute	39.17	4.65	742.37
20	Great Eastern	37.14	39.84	-6.78
29	Bombay Dyeing	35.92	23.61	52.14
16	National Organic	35.75	42.24	-15.36
19	Tata Power	34.64	40.04	-13.49
26	Colgate	34.50	25.06	37.67
32	Escorts	33.40	22.69	47.20
62	BSES	33.17	12.04	175.50
47	Jaiprakash	33.12	16.70	98.32
41	Madura Coats	32.67	18.47	76.88
11	Century Enka	32.53	54.87	-40.71
68	Coromandel Fert	31.58	10.50	200.76
22	Brooke Bond	31.44	28.22	11.41
40	Raymond Wool	29.94	18.49	61.93
27	HDFC	29.81	24.72	20.59
112	Peico Electronics	29.20	2.40	1116.67
39	Ashok Leyland	26.26	18.50	41.95
23	Videocon Intl	26.17	26.91	-2.75
89	VST	23.39	5.93	294.44
33	JCT	23.09	21.46	7.60
34	Ceat	22.44	21.35	5.11
43	Modipon	22.03	18.18	21.18
25	Andhra Valley Power	21.34	25.14	-15.12
59	Crompton Greaves	21.22	13.08	62.23
124	ICI	21.13	-9.77	316.27
63	Jindal Strips	20.45	11.92	71.56
64	T.N.Petro	20.33	11.82	72.00
75	Orient Paper	19.18	9.12	110.31
109	India Cements	19.10	2.82	577.30
61	MRF	19.08	12.35	54.49
65	Kirloskar Cummins	18.79	11.65	61.29
44	Voltas	18.30	18.16	0.77
35	SKF Bearings	17.66	20.76	-14.93
122	Mysore Cements	17.34	-4.32	501.39
46	J.K.Industries	16.63	17.74	-6.26
60	Hindustan Develop	16.23	12.93	25.52

Rank '91	Rank '90	Company	Profit '91	Profit '90	Growth rate (%)
56	45	Polyolefins	16.06	18.14	-11.47
57	97	Standard	16.03	5.11	213.70
58	120	Hero Honda	15.84	-0.32	5050.00
59	38	Asian Paints	15.83	19.00	-16.68
60	52	Nestle	15.10	14.63	3.21
61	84	Straw Products	15.06	7.94	89.67
62	36	Indian Rayon	15.04	19.79	-24.00
63	53	Motor Industries	14.93	14.61	2.19
64	56	Premier Auto	14.52	13.65	6.37
65	70	Bharat Forge	14.43	9.91	45.61
66	50	Hind Ciba Geigy	14.40	15.32	-6.01
67	49	Apollo Tyres	14.37	15.34	-6.32
68	71	Kelvinator	13.89	9.90	40.30
69	127	Union Carbide	13.19	-13.22	199.77
70	51	Special Steels	12.66	14.91	-15.09
71	48	Mah & Mah	12.32	15.98	-22.90
72	82	Ranbaxy Labs	12.11	8.09	49.69
73	57	Dunlop	11.82	13.64	-13.34
74	105	Godfrey Phillips	11.75	3.97	195.97
75	37	Mukand	11.65	19.03	-38.78
76	107	Nippon Denro	11.35	3.42	231.87
77	83	Siemens	11.30	7.97	41.78
78	96	Vikrant Tyres	11.08	5.12	116.41
79	80	Zuari Agro	11.02	8.22	34.06
80	79	Lakshmi Mach	10.76	8.44	27.49
81	67	Glaxo	10.60	10.55	0.47
82	73	Britannia	10.05	9.76	2.97
83	117	Kesoram	9.66	0.54	1688.89
84	58	CESC	9.38	13.25	-29.21
85	55	Shaw Wallace	9.14	13.93	-34.39
86	99	ABB	9.01	4.96	81.65
87	104	Indian Dyestuff	8.89	4.18	112.68
88	106	Bata	7.95	3.61	120.22
89	92	Ahmedabad Electricit	7.85	5.49	42.99
90	88	Modi Rubber	7.10	6.08	16.78
91	93	GTC	7.05	5.40	30.56
92	42	J.K. Synthetics	7.03	18.35	-61.69
93	85	Bajaj Tempo	6.88	6.87	0.15
94	76	Hoechst	6.67	9.05	-26.30
95	72	Goodyear	6.67	9.79	-31.87
96	81	McDowell	6.50	8.11	-19.85
97	86	E.I.D.-Parry	6.46	6.80	-5.00
98	31	Southern Petro	6.27	23.07	-72.82
99	103	Tube Investments	6.20	4.41	40.59
100	74	HCL	6.14	9.60	-36.04

Definitions and explanations underlying the figures are on page 77; all figures are in Rs. crore

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MARKET VALUE

TOP 10

Rank '91	Rank '90	Company	Mkt value '91	Mkt value '90	Growth rate (%)
1	1	Tata Iron & Steel	5448.39	4060.91	34.17
2	3	Tata Eng	3459.99	2384.41	45.11
3	2	Reliance	2608.86	2570.83	1.48
4	11	ITC	2255.56	915.49	146.38
5	6	ACC	2134.87	1119.20	90.75
6	4	Grasim	2019.19	1235.73	63.40
7	12	Century Text	1650.44	706.76	133.52
8	9	Hind Lever	1434.79	980.79	46.29
9	5	Guj State Fert	1399.95	1132.45	23.62
10	21	Hindalco	1366.64	553.35	146.98

Ten winners in market value growth

Rank '91	Rank '90	Company	Market value '91	Market value '90	Growth rate (%)
31	108	India Cements	551.65	63.70	766.01
41	102	Apollo Tyres	415.05	75.60	449.01
91	120	Godfrey Phillips	127.40	36.40	250.00
51	89	Hind Develop	327.80	98.51	232.76
18	53	Great Eastern	747.70	227.77	228.27
42	79	Mysore Cements	408.64	125.00	226.91
20	50	Bombay Dyeing	736.22	233.23	215.66
45	76	Jindal Strips	380.88	135.30	181.51
26	48	Raymond Woollen	635.14	235.94	169.20
66	95	Hero Honda	243.70	91.83	165.38

Ten laggards in market value growth

Rank '91	Rank '90	Company	Market value '91	Market value '90	Growth rate (%)
46	25	ICICI	366.66	457.80	-19.91
53	33	JCT	294.77	364.32	-19.09
59	36	Cromp Greaves	268.80	316.80	-15.15
89	65	Indian Org Chem	130.64	151.80	-13.94
47	28	GNFC	364.86	418.25	-12.77
61	39	Mukand	265.32	298.49	-11.11
14	10	Ind Aluminium	861.13	954.50	-9.78
88	72	Premier Auto	130.79	140.83	-7.13
72	49	Southern Petro	217.60	233.75	-6.91
87	64	Bajaj Tempo	141.90	151.80	-6.52

In a year when stock-market prices went through the roof, raising by more than 40 per cent, it wasn't surprising that the total market capitalisation of the top 100 companies in the country rose to a record Rs.60,000 crore. The figure for the last year was in the vicinity of Rs.42,000 crore. Tata Steel continues to be way ahead of the back with capitalisation exceeding Rs.5,400 crore — a jump of 34 per cent. Fellow Bombay House-based company, Tata Engineering, is similarly in the second position though it saw a better growth of 45 per cent. As for the top ten this year, there have been some interesting ups and downs. ITC moved into the fourth position from eleventh last year, largely on account of its excellent performance — rise in profits of nearly 50 per cent. Century Textiles, buoyed by the performance of its large cement division moved up from twelfth to the seventh position.

Among those who dropped in rank include Grasim Industries which slid from fourth to sixth position; GSFC from fifth to ninth; Larsen & Toubro from seventh to twelfth and Colgate from eighth to eleventh. For Colgate, this year has been a major disappointment. Compared 275-per-cent rise in ma capitalisation last year, year's figure was around 16 per cent.

India Cement was a gainer in the top hund recording a growth of 750 per cent though m less then last year's win LMW, the percentage growth of which was cl to 1,500. Apollo Tyres surprising second, hav grown by 449 per ce Among the big losers w ICICI, JCT and Cromp Greaves. Though notic bly, the highest loss in m ket value this year was o around 19 per cent, against 69 per cent last y recorded by Stand Industries.

As was the case last ye multinational compar continued to do well ove in market capitalisation compared to their as base. Colgate is ninety s ond on the asset list eleventh on the mar value list. Brooke Bond a rank of 124 for assets a 28 for market capitali tion. Nestle's figures for same are 66 and 21; IT 42 and four respectively. however, continues to b disappointment. It is fo seventh largest in terms assets, while its mar capitalisation rank is poor 57.

Rank '90	Company	Mkt value '91	Mkt value '90	Growth rate (%)
8	Colgate	1234.02	1061.10	[illegible]
7	Larsen & Toubro	1112.44	1106.30	0.56
15	Century Enka	988.55	628.69	57.24
10	Indian Aluminium	861.13	954.50	[illegible]
32	Birla Jute	835.17	366.66	127.78
13	Tata Tea	801.36	700.69	14.37
17	Indogulf Fert	783.37	593.32	[illegible]
53	Great Eastern	747.70	227.77	228.27
14	Bajaj Auto	742.99	681.86	8.97
50	Bombay Dyeing	736.22	233.23	215.66
22	Nestle	732.40	544.72	[illegible]
23	Tata Chem	730.12	540.87	34.99
20	SKF Bearings	716.59	562.15	27.47
29	Indian Rayon	654.57	406.72	60.94
18	Ballarpur	651.00	576.67	12.89
48	Raymond Woollen	635.14	235.94	169.20
27	Motor Industries	618.31	428.06	44.44
24	Brooke Bond	618.10	496.69	24.44
16	National Organic	576.00	612.00	−5.88
26	Escorts	559.35	457.65	22.22
108	India Cements	551.65	63.70	766.01
19	Cochin Refineries	551.44	568.51	−3.00
38	Hind Ciba Geigy	524.56	301.07	74.23
42	Siemens	488.09	275.20	77.36
31	Ashok Leyland	476.44	374.06	27.37
30	Madura Coats	468.92	392.58	19.45
40	Kirloskar Cummins	462.00	283.80	62.79
56	Jaiprakash	451.44	204.57	120.68
34	Tata Power	438.10	348.84	25.59
59	Oswal Agro Mills	425.61	185.51	129.43
102	Apollo Tyres	415.05	75.60	449.01
79	Mysore Cements	408.64	125.00	226.91
37	Hoechst	383.20	306.56	25.00
51	Peico Electronics	383.18	229.07	67.28
76	Jindal Strips	380.88	135.30	181.51
25	ICICI	366.66	457.80	−19.91
28	GNFC	364.86	418.25	−12.77
43	Britannia	352.83	269.26	31.04
41	Bharat Forge	351.12	280.13	25.34
60	Glaxo	345.00	185.00	86.49
89	Hindustan Develop	327.80	98.51	232.76
35	Asian Paints	321.88	326.86	−1.52
33	JCT	294.77	364.32	−19.09
47	Polyolefins	294.32	252.83	16.41
74	Kesoram	288.44	137.52	109.74

Rank '91	Rank '90	Company	Mkt value '91	Mkt value '90	Growth rate (%)
56	44	J.K. Synthetics	288.38	269.01	[illegible]
57	46	ICI	286.09	255.44	[illegible]
58	66	T.N. Petro	280.31	151.12	[illegible]
59	36	Crompton Greaves	268.80	316.80	[illegible]
60	45	Voltas	267.84	267.84	[illegible]
61	39	Mukand	265.32	298.49	[illegible]
62	71	Lipton	252.00	141.75	[illegible]
63	58	Baroda Rayon	250.64	191.56	[illegible]
64	83	Ranbaxy Labs	250.25	117.65	[illegible]
65	54	Lakshmi Mach	244.00	225.70	[illegible]
66	95	Hero Honda	243.70	91.83	165.38
67	75	MRF	241.25	137.03	76.06
68	52	Special Steels	239.19	227.80	5.00
69	78	Hindustan Motors	231.94	126.48	83.38
70	57	Orient Paper	229.00	194.65	17.65
71	67	Straw Products	220.55	147.03	50.00
72	49	Southern Petro	217.60	233.75	−6.91
73	62	Ceat	202.95	166.05	22.22
74	55	Videocon Internation	202.30	204.67	−1.16
75	69	ABB	192.27	145.44	32.20
76	68	Coromandel Fert	188.48	145.92	29.17
77	85	J.K.Industries	186.03	112.32	65.62
78	77	Shaw Wallace	182.40	128.40	42.06
79	81	Union Carbide	172.67	120.55	43.24
80	61	Mah & Mah	170.93	178.16	−4.06
81	63	Dunlop	170.91	156.67	9.09
82	99	HDFC	169.94	85.00	99.93
83	82	CESC	167.80	118.65	41.42
84	70	Andhra Valley Power	158.10	144.92	9.09
85	80	Standard	152.08	121.66	25.00
86	86	VST	149.58	106.15	40.91
87	64	Bajaj Tempo	141.90	151.80	−6.52
88	72	Premier Auto	130.79	140.83	−7.13
89	65	Indian Organic Chem	130.64	151.80	−13.94
90	104	Indian Dyestuff	130.06	72.38	79.69
91	120	Godfrey Phillips	127.40	36.40	250.00
92	84	BSES	125.77	117.00	7.50
93	96	Ahmedabad Electricit	122.47	91.59	33.72
94	87	Wipro	118.08	101.47	16.37
95	116	Goodyear	116.02	50.49	129.79
96	111	E.I.D.-Parry	113.04	61.23	84.62
97	92	LML	112.38	95.16	18.10
98	88	Zuari Agro	111.87	99.44	12.50
99	97	Rallis	110.28	91.10	21.05
100	117	Kelvinator	104.88	48.81	114.87

definitions and explanations underlying the figures are on page 77; all figures are in Rs. crore

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ASSETS

TOP 10

Rank '91	Rank '90	Company	Assets '91	Assets '90	Growth rate (%)
1	2	Tata Iron & Steel	1713.79	1200.09	42.81
2	1	Reliance	1482.57	1469.01	0.92
3	4	CESC	626.37	552.32	13.41
4	5	J.K. Synthetics	614.06	533.81	15.03
5	6	Larsen & Toubro	582.23	526.09	10.67
6	3	Indogulf Fert	551.65	584.27	– 5.58
7	7	Tata Eng	526.75	484.18	8.79
8	9	GNFC	509.88	394.06	29.39
9	8	Tata Power	497.66	432.88	14.96
10	10	Jaiprakash	441.72	372.85	18.47

Ten winners in assets growth

Rank '91	Rank '90	Company	Assets '91	Assets '90	Growth rate (%)
52	95	Apollo Tyres	120.47	36.02	234.45
49	85	Ceat	130.61	52.50	148.78
81	101	Videocon Intnl	71.95	32.01	124.77
32	54	Oswal Agro Mills	206.04	92.37	123.06
20	39	Ballarpur	296.05	142.36	107.96
92	109	Colgate	47.63	23.32	104.25
51	80	Jindal Strips	122.23	61.27	99.49
26	41	Hind Develop	257.65	131.55	95.86
27	42	Straw Products	256.68	131.40	95.34
29	46	India Cements	226.28	116.51	94.22

Ten laggards in assets growth

Rank '91	Rank '90	Company	Assets '91	Assets '90	Growth rate (%)
99	89	Digvijay Cements	39.12	44.11	– 11.31
74	57	Nirlon	80.39	89.72	– 10.40
47	28	ICI	148.48	163.45	– 9.16
75	62	LML	79.32	87.22	– 9.06
43	27	Mysore Cements	158.61	172.26	– 7.92
59	45	Orient Paper	109.22	118.59	– 7.90
6	3	Indogulf Fert	551.65	584.27	– 5.58
21	14	ACC	289.40	304.75	– 5.04
79	71	IOL	73.03	76.59	– 4.65
84	78	Dunlop	62.24	65.00	– 4.24

The growth of a company's assets is a measure both of its ability to tap various markets for funds and its profitable use of existing assets. Fixed assets are a good measure for capital-intensive sectors but do not take care of the age of assets or for the effects of inflation. The growing service sector will always appear assets short and is better measured by profits. Nevertheless, the size of fixed assets has traditionally been a criteria to judge a company.

The fixed asset figure referred to in this listing is the sum of net block, that is, gross fixed assets less depreciation, capital work-in-progress and advances against capital expenditure. Revaluations have also been excluded. Tata Steel has this year pipped Reliance Industries to emerge at the top of the Assets 100 list. Its fixed assets are now worth Rs.1,713 crore, a 42 per cent jump over previous year's figure. Reliance Industries, on the other hand, has had just 0.92 per cent increase in tangible asset accumulation in 1990-91.

The Calcutta-based R.P. Goenka company, Calcutta Electric Supply Comp which ranks 34 in the s list and 84 in the profits has come to acquire fixed assets worth ne Rs.626 crore, the third l est in the country's pri sector. In fact, in the to companies in the list t are two more power c panies — the Tata c trolled Tata Power the professionally- Ahmedabad Electric S ply Company — indicat the capital intensive na of their operations. Te features on the list at mber 7. Colgate wh ranks 25 on the profit li way down at 92 in the as one, indicating how we has put its asset to prof ble use.

As for the ones which had the largest addition assets this year Apollo Ty which is undergoing a ma expansion figures top on list with a growth rate of per cent. Ceat is second w 148 per cent, while Colg has also more than doub its assets this year to Rs crore. The laggards list is by the sick Shri Digvi Cement which had a 11 cent decline followed prime candidates Nirlon, ICI and LML.

Rank '90	Company	Assets '91	Assets '90	Growth rate (%)
12	Grasim	437.75	316.72	38.21
22	Guj State Fert	373.10	207.87	79.49
11	Century Text	355.99	339.14	4.97
13	Ahmedabad Elec	349.66	307.30	13.78
21	Tata Chem	339.42	212.93	59.40
16	Indian Rayon	329.24	298.93	10.14
17	Great Eastern	326.74	291.15	12.22
15	Bajaj Auto	304.85	301.35	1.16
18	Andh Valley Pow	297.02	258.34	14.97
39	Ballarpur	296.05	142.36	107.96
14	ACC	289.40	304.75	−5.04
19	Cochin Refineries	287.48	246.58	16.59
36	Kesoram	282.71	150.61	87.71
24	Mah & Mah	268.76	204.67	31.31
26	ICICI	260.52	181.34	43.66
41	Hindustan Develop	257.65	131.55	95.86
42	Straw Products	256.68	131.40	95.34
20	Hindalco	227.43	218.03	4.31
46	India Cements	226.28	116.51	94.22
37	BSES	224.77	147.40	52.49
23	Birla Jute	209.67	205.51	2.02
54	Oswal Agro Mills	206.04	92.37	123.06
25	Century Enka	205.40	196.33	4.62
38	JCT	198.79	146.96	35.27
31	Hindustan Motors	198.66	160.28	23.95
34	Raymond Wool	192.37	152.14	26.44
29	Hind Lever	179.19	163.35	9.70
33	Nippon Denro	174.84	153.95	13.57
32	Bombay Dyeing	171.98	159.34	7.93
43	Ashok Leyland	166.14	128.31	29.48
40	Escorts	165.90	132.14	25.55
44	ITC	162.25	119.50	35.77
27	Mysore Cements	158.61	172.26	−7.92
30	T.N. Petro	157.08	162.60	−3.39
35	McDowell	156.44	152.02	2.91
65	SKF Bearings	149.07	83.13	79.32
28	ICI	148.48	163.45	−9.16
47	Baroda Rayon	144.21	108.53	32.88
85	Ceat	130.61	52.50	148.78
72	Hoechst	123.17	75.36	63.44
80	Jindal Strips	122.23	61.27	99.49
95	Apollo Tyres	120.47	36.02	234.45
70	Bharat Forge	120.43	76.60	57.22
60	Indian Aluminium	117.70	89.21	31.94
48	VXL	114.08	108.41	5.23
56	Voltas	110.60	89.56	23.49
57	Polyolefins	110.22	84.43	30.55
58	Southern Petro	109.65	104.47	4.96
59	Orient Paper	109.22	118.59	−7.90
60	Ferro Alloys	109.03	93.45	16.67
61	MRF	107.42	94.36	13.84
62	Standard	107.23	90.15	18.95
63	National Organic	104.38	90.17	15.76
64	Tata Tea	101.42	88.05	15.18
65	Mukand	98.76	89.41	10.46
66	Nestle	96.35	96.50	−0.16
67	Crompton Greaves	89.74	59.84	49.97
68	Indian Org Chem	86.45	82.15	5.23
69	Premier Auto	86.24	79.20	8.89
70	Madura Coats	85.09	78.11	8.94
71	Glaxo	84.00	75.21	11.69
72	Motor Industries	83.64	67.74	23.47
73	Peico Electronics	81.92	84.29	−2.81
74	Nirlon	80.39	89.72	−10.40
75	LML	79.32	87.22	−9.06
76	Texmaco	76.92	79.38	−3.10
77	Usha Martin	76.46	67.80	12.77
78	Asian Paints	76.21	69.32	9.94
79	IOL	73.03	76.59	−4.65
80	Modipon	72.93	57.83	26.11
81	Videocon Intl	71.95	32.01	124.77
82	Modi Rubber	65.67	68.29	−3.84
83	Kirloskar Cummins	63.82	62.47	2.16
84	Dunlop	62.24	65.00	−4.25
85	Vikrant Tyres	61.24	42.44	44.30
86	Hero Honda	60.28	60.15	0.22
87	J.K. Industries	59.33	50.00	18.66
88	Lakshmi Mach	58.57	49.43	18.49
89	Ranbaxy Labs	53.52	35.70	49.92
90	Mafatlal Fine	52.89	55.21	−4.20
91	Siemens	48.07	40.33	19.19
92	Colgate	47.63	23.32	104.25
93	Tube Investments	46.44	39.40	17.87
94	Indian Dyestuff	46.40	45.57	1.82
95	Zuari Agro	42.24	35.95	17.50
96	Special Steels	41.64	34.78	19.72
97	Rallis	41.43	40.26	2.91
98	Britannia	40.36	37.45	7.77
99	Shree Digvi Cem	39.12	44.11	−11.31
100	HDFC	38.68	33.52	15.39

nitions and explanations underlying the figures are on page 77; all figures are in Rs. crore



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IXL

THE BUSINESS INDIA SUPER 100

PRODUCTIVITY

ductivity is an im-
rtant criteria when
sessing the perfor-
of industrial estab-
nts. This is one of the
s why we have de-
o use it as a fifth pa-
r while ranking
nies in this list.
h these rankings
een excluded while
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Super 100 list itself.
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all through the 80s
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e assets. But now
beralisation, capital
easingly being priced
stic levels and there is
ubt that the future be-
to those companies
an get the best out of
uman assets.
it is not very easy for
ers to measure pro-
ity in India as they do
e West. Per employee
ctivity is almost im-
le to assess on such a
scale because com-
s don't generally pub-
nformation on their
trength in the balance
. So we decided to use
hod slightly different
asure productivity of
29 companies in the
hough not exactly the
but under the circum-
es we feel it does pro-
ome indicator of how
oyees contribute to the
ss of individual com-

TOP 10

Rank '91	Rank '90	Company	Productivity '91	Productivity '90	Growth rate (%)
68	1	Cochin Refineries	0.51	0.48	−5.88
69	4	Nippon Denro	0.69	1.04	50.72
70	3	Jindal Strips	0.82	0.85	3.66
71	2	Videocon Internation	1.05	0.59	−43.81
72	5	ICICI	1.26	1.44	14.29
73	8	HDFC	1.55	1.73	11.61
74	7	Century Enka	1.74	1.69	−2.87
75	6	T.N.Petro	1.77	1.45	−18.08
76	9	Godfrey Phillips	1.80	1.78	−1.11
77	10	Southern Petro	2.02	1.89	−6.44

Ten winners in productivity growth

Rank '91	Rank '90	Company	Productivity '91	Productivity '90	Growth rate (%)
25	65	Jaiprakash	4.20	7.71	83.57
58	100	Nirlon	6.71	10.64	58.57
2	4	Nippon Denro	0.69	1.04	50.72
37	53	India Cements	4.93	6.52	32.25
22	34	Lipton	3.58	4.56	27.37
99	114	Peico Electronics	10.39	13.20	27.05
65	80	Modi Industries	7.00	8.78	25.43
62	78	Lakshmi Mach	6.95	8.61	23.88
89	102	Tata Eng	9.36	11.52	23.08
69	92	Indian Rayon	7.74	9.41	21.58

Ten laggards in productivity growth

Rank '91	Rank '90	Company	Productivity '91	Productivity '90	Growth rate (%)
4	2	Videocon Intnl	1.05	0.59	−43.81
8	6	T.N. Petro	1.77	1.45	−18.08
27	22	MRF	4.32	3.57	−17.36
57	43	Indian Org Chem	6.59	5.50	−16.54
46	36	Kelvinator	5.65	4.80	−15.04
49	38	Hind Lever	5.88	5.00	−14.97
32	24	GNFC	4.64	3.95	−14.87
13	13	Oswal Agro Mills	2.59	2.21	−14.67
20	14	Zuari Agro	3.36	2.91	−13.39
31	25	Apollo Tyres	4.61	4.00	−13.23

panies. The productivity definition refers to labour cost as a percentage of sales. A lower figure naturally means better productivity.

The list does throw up some interesting facts. None of the top ten Super 100 companies feature in the top ten productivity list. Reliance, for example, is number 43; ACC number 66 and Telco number 89. The winners are a motley group. Cochin Refineries emerges on top, followed by Nippon Denro, Jindal Strips, Videocon and Century Enka. There are two service-oriented companies on the list, ICICI and HDFC. The companies at the bottom of the ladder make an interesting group too. Voltas is at number 100, preceded by Peico, Kesoram, Bombay Dyeing, Birla Jute, Special Steels and Larsen & Toubro.

The 10 who show the highest growth in productivity has many surprises. The Delhi-based Jaiprakash Industries which is into construction and cements emerges at the top with an 83 per cent growth. On the laggards list is Videocon International and unexpected ones like MRF, Hindustan Lever and T.N. Petro.

■ Compiled by Rafiq Dossani and Alka Mukundan with Kalika Ghotgalkar, Charulata Gadhani, Mohana Prabhakar, Kiran Shingwekar and N. Radhakrishnan

Rank '91	Rank '90	Company	Productivity '91	Productivity '90	Growth rate (%)
11	11	Amrit Banaspati	2.10	2.09	−0.48
12	12	Colgate	2.26	2.19	−3.10
13	13	Oswal Agro Mills	2.59	2.21	−14.67
14	16	BSES	2.68	3.20	19.40
15	21	ITC	2.99	3.54	18.39
16	15	Wipro	3.14	3.17	0.96
17	19	VST	3.18	3.41	7.23
18	17	J.K.Industries	3.27	3.34	2.14
19	20	McDowell	3.30	3.42	3.64
20	14	Zuari Agro	3.36	2.91	−13.39
21	18	GTC	3.46	3.40	−1.73
22	34	Lipton	3.58	4.56	27.37
23	29	Mysore Cements	3.79	4.47	17.94
24	26	Nestle	4.01	4.14	3.24
25	65	Jaiprakash	4.20	7.71	83.57
26	23	J.K. Synthetics	4.26	3.94	−7.51
27	22	MRF	4.32	3.57	−17.36
28	28	E.I.D.-Parry	4.40	4.29	−2.50
29	27	Coromandel Fert	4.47	4.19	−6.26
30	32	Mukand	4.52	4.51	−0.22
31	25	Apollo Tyres	4.61	4.00	−13.23
32	24	GNFC	4.64	3.95	−14.87
33	35	Shaw Wallace	4.78	4.69	−1.88
34	33	Tata Power	4.87	4.52	−7.19
35	30	Andhra Valley Power	4.87	4.50	−7.60
36	31	Guj State Fert	4.93	4.50	−8.72
37	53	India Cements	4.93	6.52	32.25
38	47	Hindalco	5.00	5.78	15.60
39	40	National Organic	5.02	5.11	1.79
40	39	Vikrant Tyres	5.23	5.08	−2.87
41	37	LML	5.39	4.87	−9.65
42	46	Modipon	5.39	5.68	5.38
43	41	Reliance	5.49	5.11	−6.92
44	42	Tata Chem	5.54	5.48	−1.08
45	51	Ranbaxy Labs	5.64	6.18	9.57
46	36	Kelvinator	5.65	4.80	−15.04
47	44	Asian Paints	5.65	5.53	−2.12
48	49	Brooke Bond	5.71	5.92	3.68
49	38	Hind Lever	5.88	5.00	−14.97
50	50	Polyolefins	6.01	6.13	2.00
51	48	Modi Rubber	6.16	5.86	−4.87
52	45	Goodyear	6.18	5.67	−8.25
53	52	Ceat	6.18	6.35	2.75
54	54	Greaves Cotton	6.24	6.62	6.09
55	55	Grasim	6.28	6.64	5.73
56	57	Bharat Forge	6.49	6.93	
57	43	Indian Organic Chem	6.59	5.50	
58	100	Nirlon	6.71	10.64	
59	56	Bajaj Auto	6.85	6.85	
60	66	Ashok Leyland	6.87	7.91	
61	62	Rallis	6.88	7.33	
62	78	Lakshmi Mach	6.95	8.61	
63	60	Britannia	6.98	7.11	
64	61	Kirloskar Cummins	7.00	7.20	
65	80	Modi Industries	7.00	8.78	
66	79	ACC	7.21	8.65	
67	58	Ballarpur	7.42	6.96	
68	87	Orient Paper	7.63	9.23	
69	92	Indian Rayon	7.74	9.41	
70	59	Balmer Lawrie	7.75	7.08	
71	68	Bajaj Tempo	7.81	8.14	
72	69	HCL	7.88	8.14	
73	81	ICI	7.96	8.86	
74	67	Dunlop	8.03	7.94	
75	70	Ahmedabad Electric	8.08	8.16	
76	76	Straw Products	8.09	8.50	
77	82	Sandoz	8.09	8.92	
78	90	JCT	8.15	9.36	
79	71	Tata Oil Mills	8.22	8.18	
80	84	Hind Ciba Geigy	8.26	9.14	
81	63	Usha Martin	8.42	7.46	
82	86	Tube Investments	8.48	9.20	
83	64	Baroda Rayon	8.55	7.64	
84	75	Escorts	8.57	8.46	
85	77	Hoechst	8.80	8.53	
86	73	Hindustan Develop	8.87	8.36	
87	72	Ferro Alloys	8.92	8.27	
88	74	Indian Aluminium	9.24	8.40	
89	102	Tata Eng	9.36	11.52	
90	96	Raymond Wool	9.47	10.20	
91	95	Bombay Tyres	9.48	10.16	
92	83	Great Eastern	9.69	8.98	
93	85	ABB	9.74	9.15	
94	103	Larsen & Toubro	9.77	11.56	
95	88	Special Steels	10.01	9.27	
96	97	Birla Jute	10.11	10.25	
97	89	Bombay Dyeing	10.19	9.33	
98	94	Kesoram	10.36	9.92	
99	114	Peico Electronics	10.39	13.20	
100	93	Voltas	10.52	9.82	

All definitions and explanations underlying the figures are on page 77; all figures are in Rs. crore

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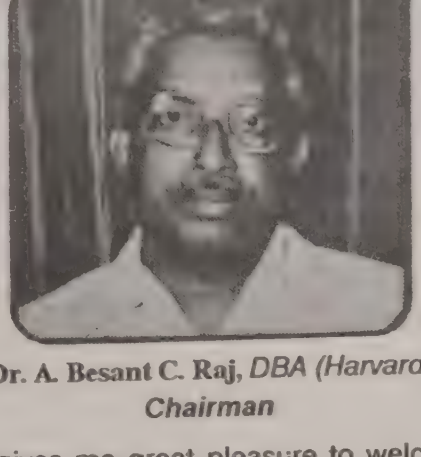
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CHAIRMAN'S SPEECH AT THE SEVENTH ANNUAL GENERAL MEETING



Dr. A. Besant C. Raj, *DBA (Harvard)*
Chairman

It gives me great pleasure to welcome you to the seventh Annual General Meeting of the Institute. Your Institute has made a steady progress during 1990-91 in terms of academic programmes, enrolments, publications and other activities.

The recent announcements regarding economic reforms specifically to the industrial policy, the trade policy, the changes proposed in the MRTP and FERA regulations indicating movement towards market economy, will bring into sharp focus the relevance of the educational programmes offered by your Institute. With the market orientation in the economy, candidates undergoing the ICFAI educational programmes would come across exciting and rewarding career opportunities in the years to come.

The CFA Programme

The CFA Programme, launched in 1985 by your Institute has been receiving an encouraging response. The total enrolments in the CFA Programme will cross the 16,000 mark in 1991.

Many companies in the corporate sector are reimbursing the CFA programme fee for their employees enrolled in the Programme. All the major financial institutions like RBI, NABARD, IDBI, ICICI, IFCI, UTI are encouraging their employees to enroll in the CFA Programme and are reimbursing the fee.

The CFA Programme continues to attract enrolments from professionals like Chartered Accountants, Cost Accountants, Company Secretaries, MBAs, Engineers besides executives from commercial banks, financial institutions and corporate sector.

The CFA designation offered by the ICFAI is now recognised by the Indira Gandhi National Open University as equivalent to masters degree for admission to their Ph.D., programmes in Management.

The Council of Chartered Financial Analysts (CCFA)

I am happy to inform you that a professional body titled "The Council of Chartered Financial Analysts" has been formed by the CFAs who have completed the CFA Programme. This professional body would be responsible for organising and developing the profession of Chartered Financial Analysts based on sound professional practices and an accepted code of professional ethics.

The Council of Chartered Financial Analysts has brought out a directory of its members along with a brief bio-data of each member. This directory is made available on request to financial institutions and companies in the corporate sector.

The DBF Programme

The DBF Programme launched by our Institute in 1988 is aimed at spreading knowledge and understanding of finance among non-financial executives. This programme too has been gaining popularity and todate about 1600 enrolments are reported. It is particularly found useful by those engaged in production, marketing, personnel, materials management, entrepreneurs and Government administrators. More than 300 companies in the corporate sector are now regularly sponsoring their executives to the DBF Programme. Abbott Labs, ANZ Grindlays Bank, Asian Hotels, Blue Star, CMC, Dalmia Industries, Federal Bank, HMM, HCL, Hindustan Ciba Geigy, ITC, India Cements, Mather & Platt, Nicco Steels are some of these companies.

Asian Securities Analysts Council

In 1986, ICFAI became a full member of the Asian Securities Analysts Council (ASAC) which was founded in 1979 to promote a co-operative relationship among securities analysts societies in Asia to develop analytical techniques and generally to contribute to the role of securities analysis. ICFAI participated in the International Seminar organised by ASAC at Bangkok in 1990.

International Co-ordinating Committee

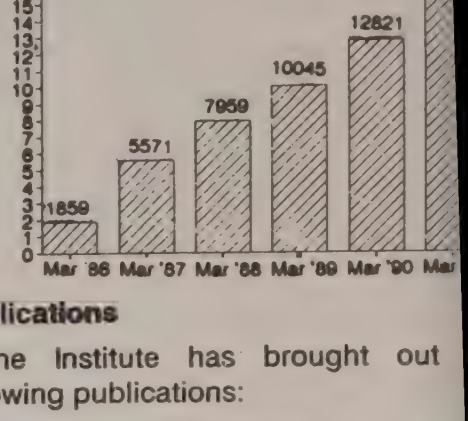
ICFAI is also a member of International Co-ordinating Committee of Financial Analysts Association (ICCFAA) which consists of Financial Analysts Federation, USA; European Federation of Financial Analysts and ASAC.

Seminars

ICFAI conducted four MDPs during 1990-91. These Training Programmes were on 'Finance for Non-Finance Executives' for General Managers, and non-finance middle level executives of Ordnance Factory Staff College, Nagpur, BHEL, Hyderabad and Nagarjuna Fertilizers and Chemicals Limited, Kakinada.

ICFAI organised a seminar in October 1990 on "Growth Shares of 90s - How to Identify & Invest" at Hyderabad. A seminar on "Developments in Capital Market and Financial Services" was held at Bangalore in September 1990.

CFA ENROLMENTS



Publications

The Institute has brought out following publications:

- Economics for Managers
- Introduction to Accounting
- Stock Markets - Theories and Evider
- Capital Market - Functioning and Trends

Chartered Financial Analyst

The Institute brings out the 'Charter Financial Analyst' a bi-monthly publicati covering various topics of interest academicians, and practitioners alike in t areas of corporate finance, financ services and investment management. you are aware, we are putting in concert efforts to establish as a top professior body, engaged in imparting knowled and encouraging research a publications in these vital areas to t economy. 'The Chartered Financ Analyst' is a step in this direction.

Future Programmes & Plans

I am happy to inform you that with t steps initiated by us during 1990-91 we a now ready to launch a new programr 'Merchant Banking and Financial Service This course will be open to professiona and executives working in the financ services sector.

We sincerely believe that this new cour on MBFS will provide a sound foundati for development by this growing servi sector in our economy.

Acknowledgements

I wish to take this opportunity to tha the members and the ICFA, USA extending enthusiastic support for t development of our Institute. I would al like to thank the RBI, IDBI, IFCI, ICICI, U KSFC and NABARD for th encouragement and support to the C Programme. I also like to thank r colleagues on the Board, members of t Academic Council, various experts who a developing study material for us a members of staff of ICFAI for th continued support and help for our grow

Hyderabad
August 19, 1991

Dr A Besant C F
Chairman

super 100 on the stockmarket

Rank '90	Company	Gross profit margin (%)	Earning per share	Dividend (%)	Share price 17 Sept '91	Share price 17 Sept '90	1991 high	1991 low	PE ratio
1	Tata Iron & Steel	16.10	6.97	31.00	237.00	177.00	275.00	133.75	34.00
3	Tata Eng	11.13	13.70	40.00	333.75	230.00	338.00	160.00	24.36
2	Reliance	14.03	8.25	30.00	171.50	169.00	245.00	91.25	20.79
4	Grasim	13.87	16.62	35.00	333.75	255.00	335.00	167.50	20.08
5	Larsen & Toubro	10.27	12.11	30.00	147.50	162.50	163.75	90.00	12.18
11	ACC	15.54	216.73	30.00	3815.00	2000.00	3920.00	1300.00	17.60
8	Century Text	19.22	309.47	50.00	6200.00	2655,00	6275.00	2220.00	20.03
9	Guj State Fert	12.85	8.37	30.00	242.50	255.00	275.00	160.00	28.97
13	ITC	5.71	11.69	54.00	340.00	138.00	360.00	105.00	29.08
6	Bajaj Auto	12.88	27.11	100.00	395.00	362.50	429.00	250.00	14.57
10	Hind Lever	10.60	7.06	42.00	153.75	105.10	155.00	87.00	21.78
12	Hindalco	16.78	16.72	30.00	352.50	310.00	355.00	210.00	21.08
7	Cochin Refineries	7.78	88.22	21.00	800.00	825.00	992.00	512.50	9.07
17	Ballarpur	9.56	20.12	30.00	310.00	275.00	320.00	245.00	15.41
14	ICICI	25.73	117.66	22.00	320.00	500.00	725.00	320.00	2.72
37	Birla Jute	11.94	19.23	30.00	410.00	180.00	415.00	108.00	21.32
19	Indian Aluminium	14.81	12.47	30.00	207.50	230.00	260.00	152.00	16.64
20	Escorts	6.71	9.85	35.00	165.00	135.00	177.50	135.00	16.75
21	Tata Chem	22.77	6.03	25.00	99.00	110.00	112.50	60.00	16.42
15	Century Enka	16.38	139.85	49.00	4250.00	3785.00	4400.00	2321.00	30.39
16	Tata Power	10.27	168.81	20.00	2135.00	1700.00	2400.00	925.00	12.65
30	Jaiprakash	14.08	4 73	15.00	64.50	31.00	64.50	19.00	13.64
24	Ashok Leyland	7.08	8.34	27.00	151.25	118.75	162.50	115.00	18.14
28	Bombay Dyeing	13.75	15.98	30.00	327.50	207.50	445.00	157.50	20.49
34	Great Eastern	26.69	5.22	24.00	105.00	33.60	105.00	21.60	20.11
32	Raymond Woollen	16.57	9.05	25.00	192.00	105.00	212.00	117.50	21.22
22	Indian Rayon	9.98	5.92	30.00	257.50	160.00	257.50	107.00	43.50
23	National Organic	14.43	99.31	40.00	1600.00	1700.00	1950.00	925.00	16.11
27	Tata Tea	29.95	27.03	101.00	420.00	410.00	457.50	275.00	15.54
47	Oswal Agro Mills	16.88	4.32	50.00	44.00	63.75	70.00	36.00	10.19
46	ICI	6.72	5.17	0.00	70.00	62.50	80.00	27.50	13.54
18	J.K. Synthetics	4.01	1.56	5.00	64.00	70.00	90.00	27.00	41.03
40	JCT	10.93	10.46	40.00	133.50	165.00	195.00	133.50	12.76
64	Peico Electronics	7.41	8.76	20.00	115.00	68.75	132.00	54.75	13.13
39	Madura Coats	15.31	14.98	30.00	215.00	180.00	370.00	170.00	14.35
26	Mah & Mah	3.63	6.40	25.00	88.75	92.50	115.00	57.50	13.87
42	Colgate	18.53	10.97	60.00	392.50	337.50	392.50	262.50	35.78
52	BSES	9.78	28.35	18.00	107.50	100.00	107.50	107.00	3.79
43	Crompton Greaves	4.99	110.52	20.00	1400.00	1650.00	1450.00	682.50	12.67
35	Voltas	5.49	9.22	27.00	135.00	135.00	145.00	95.00	14.64
45	MRF	7.57	49.43	60.00	625.00	355.00	725.00	300.00	12.64
107	India Cements	12.33	11.94	25.00	345.00	130.00	345.00	78.00	28.89
71	Jindal Strips	7.81	19.33	40.00	360.00	205.00	360.00	130.00	18.62
48	Ceat	6.02	15.20	30.00	137.50	112.50	157.00	70.00	9.05
33	CESC	4.23	5.53	20.00	99.00	70.00	99.00	41.00	17.90
38	Brooke Bond	8.94	7.12	40.00	140.00	112.50	160.00	117.50	19.66
41	Nestle	10.81	4.12	25.00	200.00	148.75	205.00	121.25	48.54
61	Hindustan Develop	13.43	5.08	20.00	102.50	95.00	102.50	80.00	20.18
67	Indogulf Fert	22.38	-0.08	0.00	47.50	36.00	51.00	24.00	
36	Andh Valley Pow	10.44	202.47	20.00	1500.00	1375.00	1500.00	1500.00	7.41

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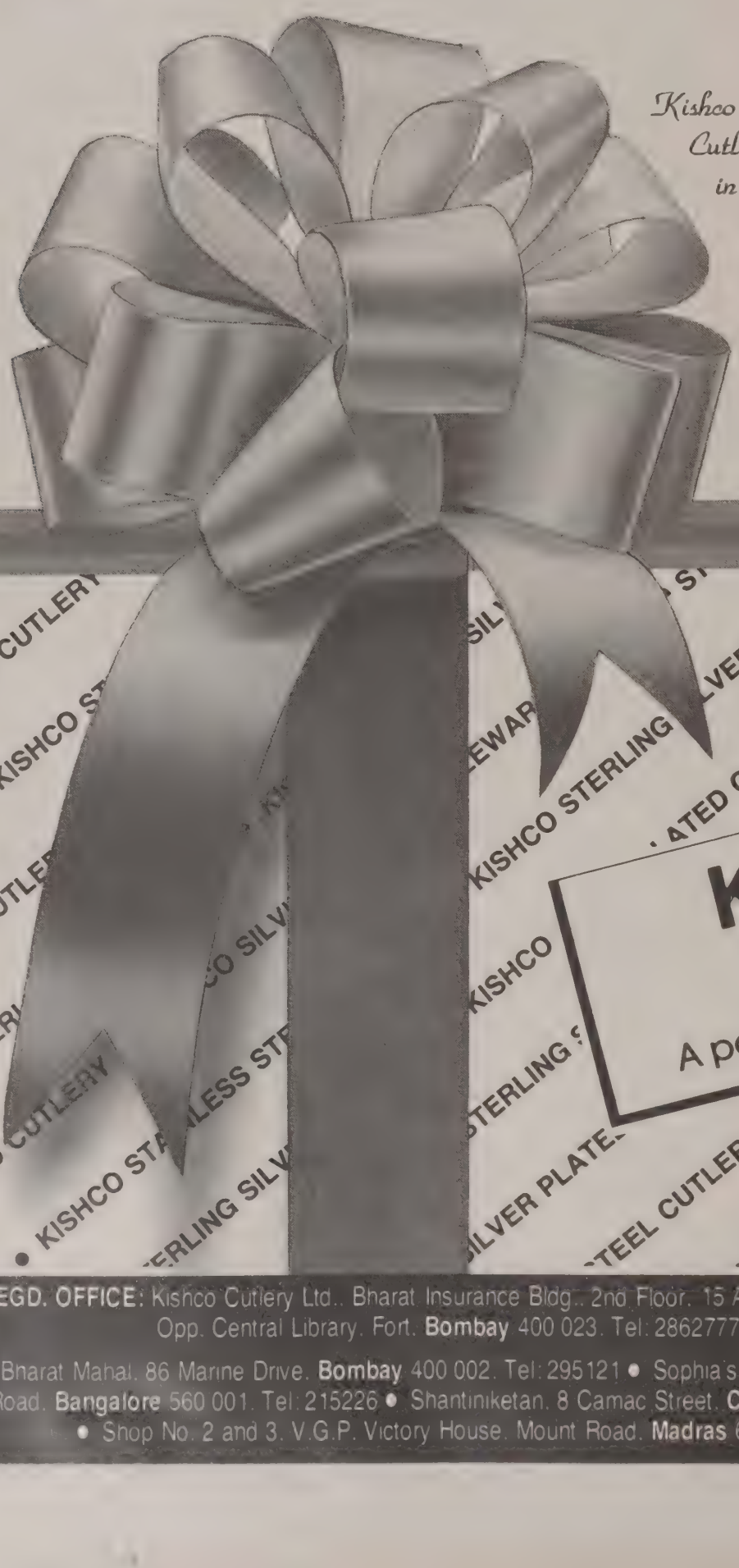
HEADSTART/ATY/6004

Rank '90	Company	Gross profit margin (%)	Earning per share	Dividend (%)	Share price 17 Sept '91	Share price 17 Sept '90	1991 high	1991 low	PE ratio
50	Motor Industries	18.02	39.24	14.00	1625.00	1125.00	1750.00	700.00	41.41
29	Mukand	5.68	7.90	30.00	180.00	202.50	215.00	117.50	22.78
49	Videocon Internation	7.32	43.98	60.00	340.00	485.00	600.00	160.00	7.73
83	Kesoram	6.83	6.87	15.00	205.00	120.00	205.00	65.00	29.84
31	GNFC	17.02	0.15	8.00	41.00	47.00	63.00	34.50	273.33
90	Mysore Cements	14.79	9.02	0.00	212.50	65.00	212.50	38.00	23.56
60	Orient Paper	10.23	16.75	30.00	200.00	170.00	210.00	130.00	11.94
25	Southern Petro	3.29	1.84	16.00	64.00	68.75	73.00	35.50	34.78
57	SKF Bearings	19.04	71.47	15.00	2900.00	2275.00	3000.00	1775.00	40.58
56	Hindustan Motors	1.98	0.05	0.00	43.00	48.00	57.00	17.00	860.00
65	Kirloskar Cummins	14.85	7.12	20.00	175.00	107.50	198.00	103.75	24.58
55	Polyolefins	14.39	83.21	40.00	1525.00	1310.00	1850.00	900.00	18.33
53	Premier Auto	4.79	6.44	30.00	58.00	68.00	83.00	32.00	9.01
68	Siemens	8.46	5.44	22.50	235.00	132.50	240.00	116.25	43.20
62	Glaxo	7.09	5.30	27.00	172.50	92.50	185.00	82.50	32.55
66	T.N. Petro	20.52	4.17	15.00	57.50	31.00	67.00	35.00	13.79
73	Bharat Forge	10.06	9.86	30.00	240.00	222.50	248.00	135.00	24.34
51	Dunlop	4.29	6.22	30.00	90.00	82.50	90.00	50.00	14.47
59	Hoechst	4.71	69.62	20.00	4000.00	3200.00	4250.00	2450.00	57.45
81	Straw Products	12.94	14.85	35.00	217.50	145.00	217.50	112.50	14.65
69	Hind Ciba Geigy	11.03	54.22	26.00	1975.00	1700.00	2100.00	700.00	36.43
54	Asian Paints	11.09	12.73	45.00	258.75	262.75	272.50	222.50	20.33
74	Ahmedabad Elec	7.21	36.85	16.00	575.00	430.00	750.00	320.00	15.60
70	J.K. Industries	8.39	11.84	30.00	132.50	80.00	142.00	47.50	11.19
63	Britannia	5.21	5.41	29.00	190.00	145.00	202.50	110.00	35.12
94	Apollo Tyres	10.58	5.19	28.20	150.00	90.00	150.00	37.50	28.90
80	Standard	9.62	14.49	20.00	137.50	110.00	138.00	51.25	9.49
102	Nippon Denro	5.83	5.91	18.86	30.00	45.00	62.00	30.00	5.08
88	VST	7.77	24.24	45.00	155.00	110.00	215.00	95.00	6.39
58	Coromandel Fert	23.06	12.99	46.00	77.50	60.00	85.00	47.50	5.97
84	HDFC	16.45	66.66	22.00	380.00	425.00	560.00	260.00	5.70
75	Modi Rubber	5.21	6.84	27.50	97.50	90.00	105.00	50.00	14.25
76	Lipton	2.40	3.70	22.00	160.00	90.00	170.00	67.50	43.24
44	Baroda Rayon	6.08	13.65	12.00	930.00	1066.00	950.00	275.00	68.13
85	Lakshmi Mach	11.17	176.39	30.00	4000.00	3700.00	4000.00	2380.00	22.68
95	Ranbaxy Labs	6.41	13.31	25.00	275.00	130.00	285.00	100.00	20.66
119	Hero Honda	10.14	9.91	20.00	152.50	57.50	152.50	60.00	15.39
104	Godfrey Phillips	4.30	45.19	75.00	490.00	140.00	490.00	175.00	10.84
79	McDowell	5.06	6.51	25.00	75.00	82.50	102.00	58.00	11.52
77	Shaw Wallace	5.22	7.62	42.50	152.00	107.00	180.00	86.00	19.95
92	Modipon	17.37	28.10	40.00	82.50	29.00	300.00	29.00	2.94
78	Special Steels	12.37	11.12	25.00	210.00	200.00	215.00	125.00	18.88
86	Zuari Agro	9.10	8.87	32.50	90.00	80.00	105.00	60.00	10.15
103	Kelvinator	6.11	16.56	20.00	125.00	137.50	207.00	92.50	7.55
108	Indian Dyestuff	5.82	78.60	25.00	1150.00	640.00	1225.00	450.00	14.63
72	Indian Organic Chem	7.02	2.58	10.00	71.00	82.50	71.00	31.25	27.52
93	VXL	3.89	-0.21	16.00	46.00	67.50	75.00	40.00	
91	Rallis	1.28	1.18	0.00	115.00	95.00	141.25	67.50	97.46
109	Union Carbide	6.96	4.05	15.00	53.00	37.00	65.00	36.00	13.09
100	Bata	3.43	7.57	10.00	99.00	90.00	129.00	76.00	13.08

itions and explanations underlying the figures are on page 77; all figures are in Rs. crore

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abetical index to the super 100

	Super 100 Rank '91	Rank Sales	Profit	Assets	Mkt. value
	6	10	5	21	5
Electricity	73	81	89	14	93
alley Pow	50	77	42	19	84
Tyres	76	125	67	52	41
Leyland	23	13	36	40	35
aints	72	86	59	78	52
	38	44	27	30	92
uto	10	8	15	18	19
ur	14	20	18	20	25
Rayon	84	93	111	48	63
	100	56	88	122	101
Forge	67	96	65	53	49
ute	16	33	20	31	15
y Dyeing	24	45	22	39	20
nia	75	54	82	98	48
e Bond	46	23	32	124	28
	45	34	84	3	83
	44	40	40	49	73
y Enka	20	37	30	33	13
y Text	7	14	8	13	7
n Refineries	13	5	12	22	32
e	37	62	25	92	11
handel Fert	80	90	31	101	76
pton Greaves	39	25	43	67	59
p	68	26	73	84	81
s	18	12	26	41	30
	55	63	119	8	47
	65	53	81	71	50
ey Phillips	88	35	74	125	91
n	4	7	6	11	6
Eastern	25	75	21	17	18
tate Fert	8	19	16	12	9
	81	87	34	100	82
Honda	87	115	58	86	66
Ciba Geigy	71	70	66	106	33
Lever	11	9	10	37	8
alco	12	21	11	28	10
ustan Develop	48	80	55	26	51
ustan Motors	60	24	121	35	69
hst	69	78	94	50	43
	31	18	44	47	57
	15	17	3	25	46
	9	3	9	42	4
Cements	42	92	48	29	31
n Aluminium	17	27	13	54	14
n Dyestuff	95	85	87	94	90
n Org Chem	96	95	109	68	89
n Rayon	27	41	62	16	24
gulf Fert	49	66	124	6	17
Synthetics	32	16	92	4	56

Company	Super 100 Rank '91	Rank Sales	Profit	Assets	Mkt. value
J.K.Industries	74	60	54	87	77
JCT	33	55	39	34	53
Jaiprakash	22	42	28	10	38
Jindal Strips	43	59	45	51	45
Kelvinator	94	74	68	109	100
Kesoram	54	71	83	23	55
Kirloskar Cummins	61	79	50	83	37
Lakshmi Mach	85	82	80	88	65
Larsen & Toubro	5	6	7	5	12
Lipton	83	29	102	120	62
MRF	41	22	49	61	67
Madura Coats	35	49	29	70	36
Mah & Mah	36	11	71	24	80
McDowell	89	73	96	45	113
Modi Rubber	82	36	90	82	105
Modipon	91	101	41	80	116
Motor Industries	51	61	63	72	27
Mukand	52	28	75	65	61
Mysore Cements	56	100	53	43	42
National Organic	28	39	23	63	29
Nestle	47	65	60	66	21
Nippon Denro	78	57	76	38	121
Orient Paper	57	64	47	59	70
Oswal Agro Mills	30	72	19	32	40
Peico Electronics	34	30	35	73	44
Polyolefins	62	84	56	57	54
Premier Auto	63	31	64	69	88
Rallis	98	48	120	97	99
Ranbaxy Labs	86	91	72	89	64
Raymond Woollen	26	47	33	36	26
Reliance	3	4	4	2	3
SKF Bearings	59	124	52	46	23
Shaw Wallace	90	50	85	121	78
Siemens	64	51	77	91	34
Southern Petro	58	15	98	58	72
Special Steels	92	111	70	96	68
Standard	77	83	57	62	85
Straw Products	70	116	61	27	71
T.N. Petro	66	107	46	44	58
Tata Chem	19	58	17	15	22
Tata Eng	2	1	2	7	2
Tata Iron & Steel ✓	1	2	1	1	1
Tata Power	21	43	24	9	39
Tata Tea	29	68	14	64	16
Union Carbide	99	105	69	113	79
VST	79	46	38	126	86
VXL	97	69	122	55	115
Videocon Intnl	53	38	37	81	74
Voltas	40	32	51	56	60
Zuari Agro	93	76	79	95	98

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EXPLANATIONS TO THE BUSINESS INDIA SUPER 100

ures used for compiling the **s India Super 100** listing are fiscal year ended 31 March cept for those who closed their s in June, September or De- of 1990. Some companies, de- nnouncing unaudited results year ending March 1991, don't heir audited balance sheets s yet, so we were forced into he previous years figures. Fig- e annualised where accounting differ from 12 months.

panies with calendar year end- December 1990: ABB, Bata, Bond, Goodyear, Hindustan Lipton, Motor Industries, Nes- Sandoz. Companies with year 30 June 1990: Ceat, HCL, dustries, Kelvinator, Modipon ippon Denro. Indian Rayon ar-end 30 June 1991. Com- with year ending 30 September MRF, Oswal Agro and Premier Automobiles. Companies with year ending 31 March 1990: Ahmedabad Electricity, Balmer Lawrie, GNFC, Greaves Cotton, Indo-Gulf Fertilisers, J.K.Synthetics, Kirloskar Electric, Modi Industries and Shri Digvijay Cement.

The companies with figures that needed to be annualised: ABB, Apollo Tyres, Century Enka, Century Textiles, Cimmco, Colgate, Coromandel Fertilisers, E.I.D. Parry, GNFC, Greaves Cotton, Indo Gulf Fertiliser, JCT, MRF, Modi Industries and Nippon Denro.

The definitions used:

- Sales is inclusive of excise and other income adjusted for non-cash items such as asset revaluations.
- Profit is net profit, that is profit after tax and net depreciation, i.e., after excluding depreciation on revalued amounts. Other non-cash items such as earlier year write-backs have been excluded.
- Market value is calculated on the company's equity as on the year-end adjusted for bonuses and other privileged capital issues.
- Assets refer to fixed assets and is the sum of net block, i.e. gross fixed assets less depreciation, capital work-in-progress and advances against capital expenditure. Revaluations have been excluded.
- Productivity refers to labour productivity measured by labour costs as a percentage of turnover. A lower figure naturally measures better productivity.
- Gross profit margin (GPM) is profit before depreciation and tax but after interest, as a percentage of turnover.
- Earnings per share (EPS) is net profit divided by the number of equity shares.
- Price-earnings ratio is market price times earnings per share.

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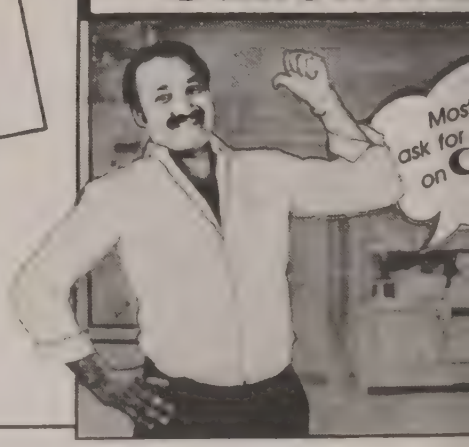
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porters in dire straits

e professionals who wish to
n the US are finding it harder
isas. In fact, on 24 September
16 applications for visas from
exporters were rejected. This
placed exporters in a quand-
ost of them have prestigious
pending in the US, and, any
btaining a visa could affect the
tation of these contracts.
, software professionals in-
work on software projects re-
mited duration, did not have to
a H category visa — essentially
ary employment permit valid
riod of two years. Instead, they
e advantage of a specially cre-
gory which came to be called
a in lieu of the H visa. This en-
holder of the B1 visa to stay in
to eight months. Another cat-
e B1 category, is also in exis-
is is intended for short business
ne advantage the B1 visa has
-1 visa is that it can be obtained
ly overnight while, getting the
es upwards of four weeks.

scrapped

September, all applications for
isa in lieu of H1 were turned
he US consulate informed ap-
that, effective from 1 October
is category no longer exists.
l now have to reapply for a visa
e H category. This change fol-
introduction of a new immigra-
which attempts to modify the
mmigrants into the US while re-
g the process of immigration.
e new law seeks to control the
nt of temporary workers into
" says an official in the US
e.
1,30,000 additional visas for
with exceptional technical and
ills which do not exist in the US
en created, it is the section relat-
on-immigrants which will affect
e professionals the most. The
migration law will ensure, per-
at software exporters to the US
their *modus operandi*. Nor-
oftware exporters work at short
An Indian exporter gets a fax or telephone message from a customer who needs a software professional with a particular profile, say expertise on a specific relational database like Ingress or one of the IBM systems. The exporter then identifies the individual and applies for a visa. The entire process of getting a professional into the US took 48 hours.

This time lag resulted in Indian professionals being paid significantly less than their American counterparts. However, the new enactment does not make this possible any longer. Personnel working in the US will be subject to the same laws as an American employee — the same remuneration, social security and other benefits, including taxes. This, exporters say, will blunt the advantage of any cost edge they may have had.

Obtaining a visa will now become more expensive, adding to the exporters' higher labour costs. Since the H category deals with visas for employment, a labour certification and the assistance of a lawyer will be necessary in order to procure one. Says an exporter, "This will cost us between $500 to $2,000 based on the number of visas we need." What has the exporters worried is not so much the additional expense as the longer time cycle involved in getting a H category visa.

In, 1990-91, India exported software to the tune of Rs.200 crore. But the bulk of software exports, up to Rs.120 crore, is to the US alone. Of this, 80 per cent is prepared on site in the US. "Without the flexibility to move people in and out of the US at short notice, the bulk of our business will be affected," says Ravi Apte, chief executive officer, Citicorp Overseas Services Ltd.



Software professionals: visas are hard to get

Differing impact

The impact this new requirement has on a single company's exporting activities will differ. Those primarily into body shopping will be most seriously affected. Companies least affected are those who, over the years, have invested in setting up a large domestic infrastructure. Says Apte, "The new regulation will not have any dramatic impact, it will only be an irritant." Since 90 per cent of their work is on turnkey projects and 20 per cent of the company's employees go overseas every year, obtaining a visa will not pose a problem. Similarly, director-in-charge of Tata Consultancy Services, F.C. Kohli says, "We need about 225 visas annually, this shouldn't pose a problem as we are at the high-end of the software consultancy market."

Some exporters are unconvinced about the stand taken by the US government. They believe, a country like India with a large pool of technical labour should be permitted to use this facility in a manner suitable to it. Says an exporter, "This problem should be seen in the light of the GATT-Uruguay round. When everybody is talking of opening up services to developing countries, we should emphasise the acceptance of our humanware without any hindrance."

Exporters are now pinning their hopes on the commerce minister, P. Chidambaram's visit to the US. Trade bodies, such as Nasscom have represented their case to the government. Many hope a preferrential category like the E1, which is created for the Philippines could be worked out. But the crucial point, agrees Apte is, "We must talk of getting the visa expeditiously without any hindrance".

■ AROON SARKER

AID INDIA CONSORTIUM

A signal to the world

Notwithstanding the end of a period of uncertainty for India, nothing should be taken for granted

On 20 September, much to the relief of the Indian government, the Aid India consortium pledged aid of $6.7 billion to the country for 1991-92. That ended a period of uncertainty (at least temporarily) for policy makers about how the developed nations view the process of liberalisation now on in India. Analysts point out that with this, a signal will go out to the international capital markets that India is back on the rails.

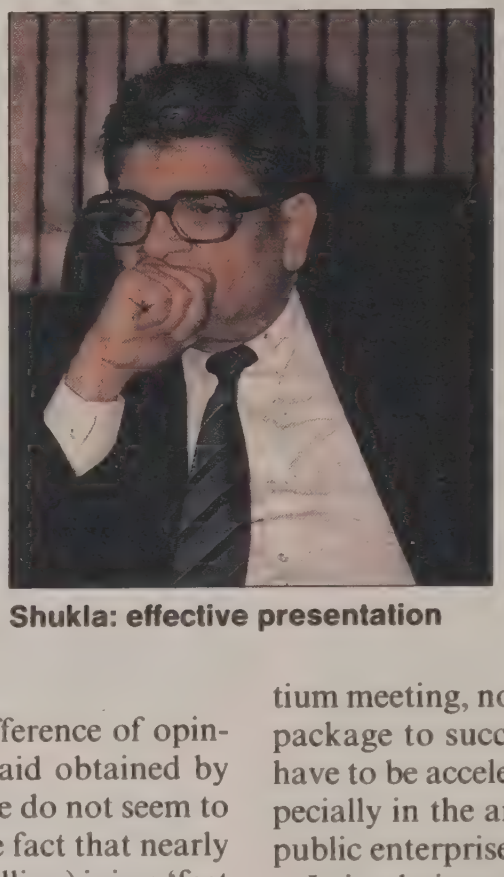
That will make the process of borrowing from these markets easier than what it has been in the last few months, when the country's international rating took a sharp downturn. Says a senior finance ministry official, "It is obvious that the presentation made by finance secretary S.P. Shukla (who led the Indian team.to the consortium meeting at Paris) emphasised that the government meant business with liberalisation and it was 'irreversible'.

Sending strong signals

In fact, some of the donor countries specifically hoped that the fresh aid commitments would send strong signals to investors and the commercial and financial markets about the international community's commitment to these measures and support to tide over the difficult transitional problems. India's yearly dependence on external commercial borrowings has consistently increased during the eighties and over the last three years has averaged a sizeable $1.2 billion. But following the drop in credit rating these have come to a standstill over the last year. Also to be noted is that not too many tough questions were asked of Shukla and his team, which included chief economic advisor to the government, Deepak Nayyar."

In terms of hard cash, however, not much was achieved, because the 1991-92 figure of $6.7 billion is only marginally more than the 6.5 billion for 1990-91 and equal to that in 1989-90. Points out international trade expert Charan Das Wadhwa, "If you take into account the 5 per cent rate of inflation of the donor countries, what we have really got is less in real terms than last year or may be equal, and compared to what we got in 1989 what we have got now is certainly much less in real terms. We should also not get fooled by the devaluation of the rupee, which would only mean that in rupee terms we will be getting more money."

However, there is a contra view too. Says another expert who has worked in the World Bank for a decade and a half, but does not want to be identified, "At a time when aid to Africa and China is being cut, at a time when the whole focus of the western countries is on the Soviets – to whom they will lend no matter what has happened, just to save democracy — even the fact that we have got this much is impressive. Especially, when before the meet it seemed that India would get substantially less than what it got last year."



Shukla: effective presentation

Though there is a difference of opinion about whether the aid obtained by India is impressive, there do not seem to be two opinions that the fact that nearly a third of the aid ($2.3 billion) is in a 'fast disbursing form' is a considerable achievement by itself. In the past, much of the aid provided by donors had remained partially unutilised requiring matching rupee funds for utilisation, which the Indian government found difficult to provide.

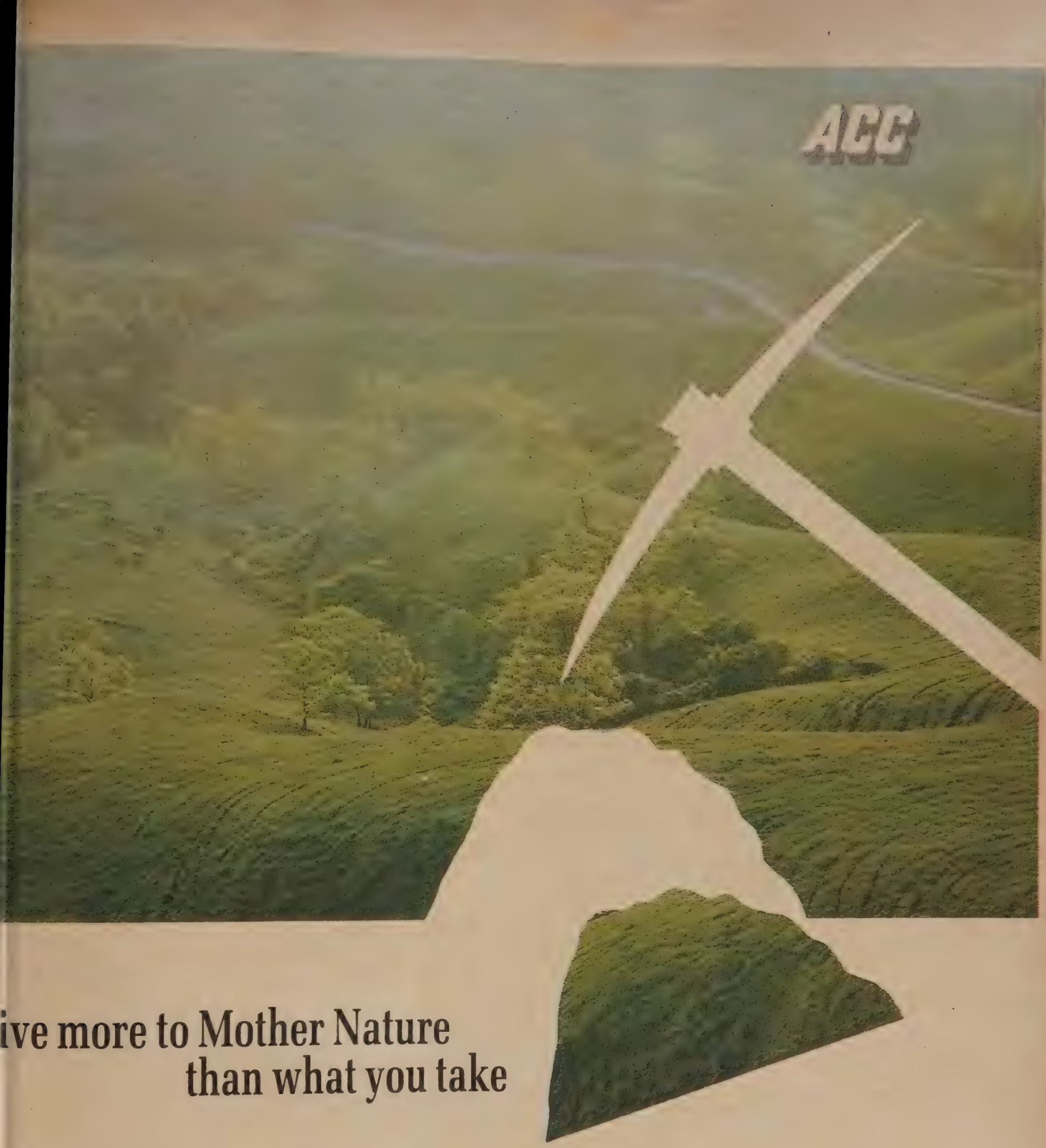
An outflow

However, the fast disbursing loans will go mainly towards building the foreign exchange reserves of the country (which are abysmally low). And altho good for rebuilding the credib country, they will yield no they will not be deployed for i In fact, the loans will be utilis country's debt servicing and t timately flow out of the coun point must be kept in mind," hwa and the former World Ba mist also concurs. An unb record of debt servicing and a able foreign exchange positio of $4.5 billion) is essential for try's access to further foreign i and external commercial bo and, perhaps most important, a run on the foreign curre resident account.

However, that the don tries — whic Japan, the UK, Norwa mark, Swit France, Swe Belgium – ported the package un India, does that they w for all time In fact, th president World Bank Karaosmano chaired the tium meeting, noted that for the package to succeed, the proce have to be accelerated and deep pecially in the areas of trade p public enterprises.

It is obvious that the donor look for fresh initiatives in these the coming months. More cruci on the success of these present and those in areas still untouch as the financial sector, will India's access to the larger bo from the Fund's extended facilit is precisely here that, due to compulsions, the government be dragging its feet. Which me nothing can be taken for grante

■ KIN



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he cakewalk that wasn't

country's premier industrial house walked into the largest neering company three years ago expecting little difficulty in ming total control. All they got in the bargain was controversy, and controversy. After losing effective control last year, their recent npt to grab the reins again appear to have run aground too. ow-by-blow account of what has been happening behind the scenes

n the morning of 12 February this year, D.N. Ghosh, then chairman of Larsen & Toubro, received a hone call from union finance secre- S.P. Shukla. The message: the gov- ent wanted him to quit. It did not the former banker much time to up his mind. Three days later, res- on letter in hand, he walked into n Block to meet finance minister want Sinha. The meeting was brief, which Ghosh submit- the resignation ad- ed to the finance ary.

edia went to town with ews that the Ambanis returning to L&T. But it ot happen. The *Indian ess* began its campaign a, the Chandra Shek- overnment was shaky their own pre- pation with Reliance ochemicals and king- ng in Delhi kept the itable" in abeyance. new government took in Delhi, and L&T was e news again. No one mentioned es, but it was as if the whole govern- , every political party and every ness journalist was involved. You either "pro-Ambani" or "anti- ani", like in the early eighties. The and the jokes about Dhirubhai ani's political invincibility were

nd then the Ambanis did the ex- d: they made their "rightful bid" to in control of L&T. They waited a th for the Narasimha Rao govern- t to settle down. The period was to finalise some of their long- ing projects, each with the prefix they had introduced to Indian industry — mega. With this, the stage was set for the next act of the "continuing saga of L&T".

The story is far from concluded, but the events of last two months are going to have a strong bearing on which way L&T goes. The renewed attempt by the Ambanis to gain control of L&T was drama all the way. The players were the same, only this time most of them were named, either by the *Indian Express* or *The Business & Political Observer*, the Ambani newspaper.



Pankaj Desai

Nusli Wadia and Dhirubhai Ambani: foes forever?

Business India tries to reconstruct part of the story, as it occurred, behind the scenes, from the time the Ambanis began planning their strategy in July.

Early July: Reliance group chairman Dhirubhai Ambani has two or three meetings with prime minister P.V. Narasimha Rao to discuss the state of the economy and ways to deal with the current crisis. The topic of L&T is also discussed though what emerged from the conversation is not known.

End July: Assisted by the chairman of Observer India Ltd, R.K. Mishra, Mukesh Ambani meets Manmohan Singh. The finance minister is informed that the various controversial issues had been resolved: the 3.9-million L&T shares Trishna had acquired from BoB Fiscal had been returned; the RIL shares held by L&T had been sold; and RIL had refused the Rs.635-crore suppliers credit from L&T. Moreover, Ambanis now held 22 per cent of the L&T equity, which was far higher than what the Tatas held in Tisco and ACC, Vijay Mallya in Best and Crompton, R.P.Goenka in CESC or the Ruias in SI Shipping.

The Ambanis were told that if they came "fair and transparent" through the shareholder-approval route, financial institutions will be allowed to decide on their own. Reliance sources say they were categorically told by the finance minister that institutions will either remain neutral or support them.

31 July: Trishna Investments, a wholly-owned subsidiary of Reliance Industries, serves notice for an EGM to L&T. Mukesh Ambani and other Reliance officials also met representatives of financial institutions and informed them about the method they were going to adopt to get back into L&T.

1 August: L&T's board of directors convenes the EGM and fixes 26 August as date for the meeting.

4 August: Through advertisements, Trishna hires 2,000 persons, mostly college students, all over the country for 16 days to collect proxies from L&T shareholders in its favour. The boys are told that they would have to collect at least six proxies a day to earn Rs.75 each day.

The following week: The *Indian Express* intensifies its campaign. Columnist and chief of *Express'* sister concern Sterling Newspapers, Maneck Davar, in a signed article, proves an alleged link between BCCI and Reliance group and L&T

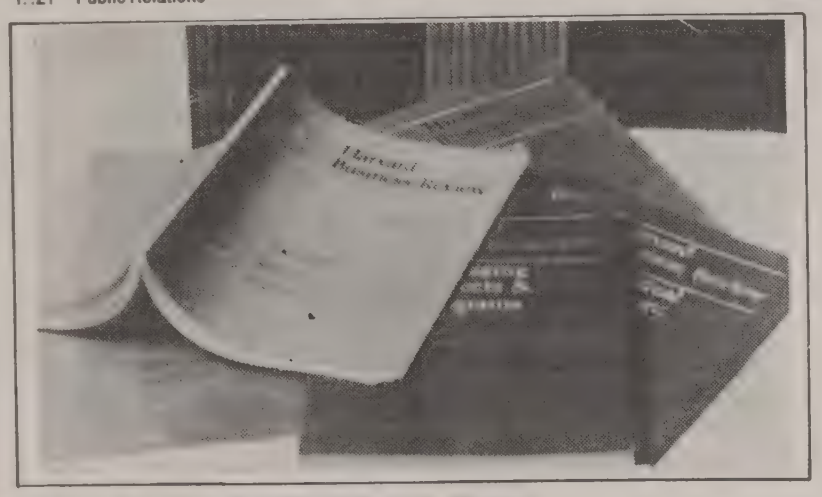
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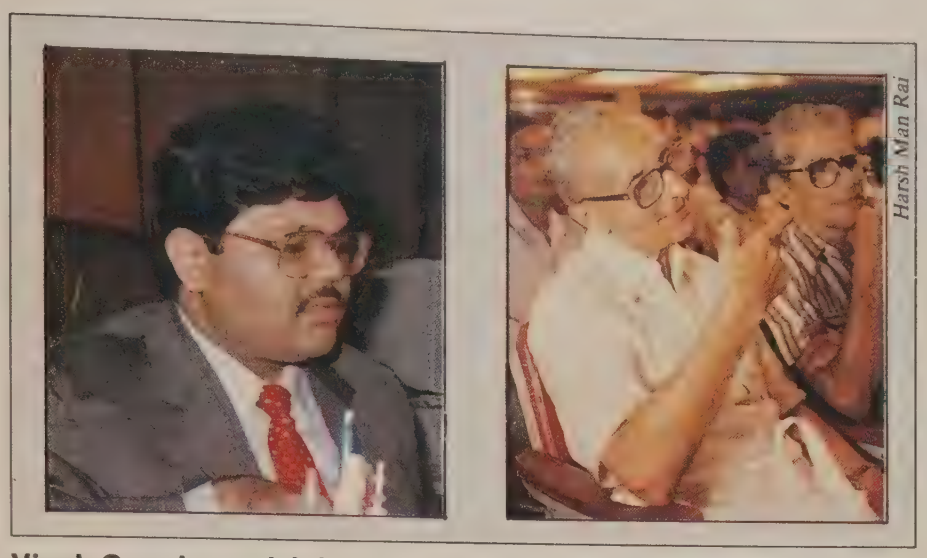
ver. Questions are in Lok Sabha by Jas- Singh, George Fer- es and other MPs. ge Fernandes writes a to Manmohan Singh e BCCI and L&T issue on ugust. Five days later, Singh also dashes off a ar letter on a National t letterhead to the e minister. Both cau- he government against ing over L&T to Re- e group.

ound the same time, airman M.G. Diwan, GIC chairman Moni, and UTI chairman S.A. Dave, e institutions together hold over 35 ent of L&T equity, meet to discuss sue. The decision is to remain neu- n the absence of advice from New i.

eanwhile, Bombay Dyeing chair- Nusli Wadia, who was in and out of Delhi throughout the last two ths, holds meetings with several MPs, ding Jaswant Singh and George andes. The new editor of the *Indian ress*, Prabhu Chawla, helps Wadia BJP leaders like L.K. Advani and indacharya. Publisher R.V. Pandit, se friend of Wadia who was in Delhi early three months as the BJP's ideol- on economic issues, also helps in matter.

eliance officials also activate their es in the Lok Sabha. They hold tings with MPs like Digvijay Singh, wajit Singh, Murli Manohar Joshi, nod Mahajan and Mukul Wasnik. Reliance team is also strengthened the constant presence of either ubhai or Mukesh Am- . A senior Reliance offi- M.N. Chaini is sent to i for the entire period e L&T tussle, in addition he duo of Balasubra- iam and Tony Je- san already there.

n 17 August, Jay Du- shi, an executive council ber of the BJP, in an in- iew with *The Business & tical Observer*, suggests L&T rightfully be ded over to the banis.



Harsh Man Rai

Vivek Goenka and Jajoo: carrying on the campaign

21 August: R.V. Pandit, a close friend of both Nusli Wadia and the *Indian Express*, meets Manmohan Singh. The discussion is basically about the BJP's views on the economy. During the course of the conversation Pandit brings up the L&T issue. The minister tells him that the matter will be decided on the basis of merit, but does not reveal the government's stand on it.

Obviously, the minister was under tremendous pressure to lay off the Ambanis from not only the events in Parliament but also ministerial colleagues and bureaucrats in his ministry.

22 August: R.V. Pandit, realising what was going to happen, meets *Indian Express* inheritor Vivek Goenka, who was also based in Delhi throughout the period, and gets permission to write an article on the subject. The article, *The Ambanis, L&T and the security of India*, appears on the front pages of the paper the next day. It was viewed as the voice of the BJP and virtually sealed the fate of the L&T case.



Mukesh and Anil Ambani: barred from the boardroom?

23 August: About 20,000 proxies collected by Trishna were submitted to L&T. National Front chairman N.T. Rama Rao issues a statement, without names, but, in effect, contradicting V.P. Singh's statement.

Another BJP MP, Arun Jaitley drafts the press note issued by Govindacharya, BJP's spokesman, opposing Ambani entry into L&T. L.K. Advani and Atal Behari Vajpayee express ignorance about the press release.

24 August: The remaining 87,000 proxies were also submitted before the deadline of 2 pm. At 6 pm the same day, all the proxies are carted away to L&T's factory in Powai, a Bombay suburb in eight tempos.

Manmohan Singh is convinced by an advice from the PMO and his bureaucrat colleagues in the ministry not to support Ambanis for the moment. He is told that any move in that direction will jeopardise the passing of the Finance Bill, 1990.

25 August: Special secretary, insurance, N.R. Ranganathan is asked to somehow get the meeting postponed. Late in the evening Ranganathan calls up Diwan, requesting him to find technical grounds on which the meeting could be adjourned. At a meeting of LIC staff, it is decided that a resolution seeking adjournment on the grounds of examination of proxies will be moved. This is conveyed to the chiefs of all financial institutions — Nadkarni, Vaghul, Dave and Moni — by Diwan, on the telephone. The strategy: to wait until someone proposed a resolution seeking the adjournment and then second it. Or else propose it themselves. Diwan calls up D.N. Chaturvedi of Reliance and tells him of the stand institutions were going to take. A.S. Gupta, chairman for the EGM, is also apprised of the situation.

26 August: In the morning, Dhirubhai Ambani receives a call from a "senior official in the finance ministry".



S.R.R. Subramanian, U.V. Rao and S.D. Kulkarni: impartial professionals

Handed with a *fait accompli*, the Ambanis acquisce, though they refuse to be the ones to propose the adjournment. Meanwhile, chiefs of all financial institutions meet at the board meeting of GIC and discuss the issue. Ranganathan, also a director on the GIC board is present. Representatives of all financial institutions meet at the headquarters of the LIC, the largest institutional shareholder in L&T, to discuss the issue.

That afternoon, the EGM is adjourned amidst pandemonium. Institutions fix September 16 as the new date for the EGM.

However, the announcement that proxies equivalent to 48.5 per cent of the company's equity were in favour of the Ambanis has its impact. Once again people expect that it is only a matter of time before the Ambanis regain control of L&T.

3 September: LIC writes a letter to company secretary K. Sethuraman to begin scrutinising the proxies. L&T acknowledges the letter two days later, saying the verification was being arranged.

7 September: A shareholder, Madan Gopal Jajoo, who had been campaigning independently against Reliance — which brought him close to Wadia and *Indian Express* — files a case in the Bombay High Court challenging the validity of the EGM and alleging large-scale fraud and forgery in the proxies. Justice A.A. Cazi grants permission to examine the proxies. Well known lawyer Ashok Desai appears for Jajoo.

12 September: Sethuraman writes to LIC to say that it would not be possible to complete the verification before the EGM. The letter is received at 5.30 pm by LIC executive director B.R. Gupta. The *Indian Express* publishes a copy of the letter the next day. The persons who get the letter for the *Indian Express* are Maneck Davar and Jajoo.

The High Court issues an ad-interim injunction preventing the EGM from taking up Mukesh Ambani's appointment as managing director. This time, Ram Jethmalani appears as counsel for Jajoo.

13 September: Ranganathan returns from London, where he had gone to explore the possibilities of entering into reinsurance arrangements with international agencies. Defence minister Sharad Pawar seeks a meeting with this Maharashtra cadre officer. Nusli Wadia is also present at the closed door meeting.

George Fernandes tables "evidence" of forgery in L&T proxies by Trishna Investments in Lok Sabha.

15 September: Ram Jethmalani moves the court again to get the meeting postponed on grounds of evidence of forgery. Being a Sunday, Justice Cazi holds the hearing at his Colaba home. He dismisses the petition.

At 5.30 pm, two L&T managing directors, U.V. Rao and S.R.R. Subramaniam go to the LIC headquarters to meet Diwan. Others present are N.N. Jambusaria, LIC's managing director (investments) and B.R. Gupta, executive director. Subramaniam informs that out of the over 107,000 proxy forms submitted to L&T, nearly 20,000 are duplicates. Proxies equivalent to only 34 per cent of the equity could be verified, of which signatures for only 21 per cent tallied, cards equivalent to 7 per cent of equity were missing and, therefore, could not

fied, forms for 3.5 per cent of th
were without signatures and sig
for 2 per cent did not tally at all.

At 7 pm Diwan gives the de
Ranganathan. The special se
calls back at 9 pm to say that the
minister would like the meeting t
journed again. He overrides D
pleas that it would be embarrass
LIC to do so again.

16 September: EGM concluded
shna withdraws its notice.

At 4 pm Jajoo, accompanied b
hesh 'Tony' Jethmalani, appe
fore the additional chief metrop
magistrate S.S. Awar, after filing
inal complaint about forgery of p
Justice Awar passes an open ord
ing the CID branch of Bombay po
search for the proxies.

Wadia, Pandit and politician
Jayant Malhotra return to Bomba

17 September: Around noon, Re
counsel Krishna Kant Desai arri
the Crawford Market police statio
a stay on Judge Awar's earlier ord
finds Jajoo and Mahesh Jethm
there. In the afternoon, after postp
the hearing once to allow the L&T
sel to present himself, Justice
passes an order that the CID branc
possession of all proxies kept at th
factory after making xerox copies.

18 September: When the police ar
L&T, Powai, a dispute arises as to
will pay for the xeroxes. The poli
fuse, forcing Jajoo to pay up. The
process ends after midnight.

20 September: L&T annual ge
meeting passes all resolutions pro
in the notice unanimously. A speci
olution proposed by Jajoo seekin
continuation of Reliance Consul
as the company's share registrars
to vote. The resolution is defeated
nearly 75 per cent of the equity v
against it.

Ambanis have not given up
They still believe that "corporat
mocracy" will prevail in L&T, in f
of the single largest shareholder.
will attempt yet again to regain co
of the engineering giant. This ti
could well be after the governmer
nounces a code of conduct for fin
institutions in a company takeover

■ MADHAV

IMPOSSIBLE"

That's the word I used when my friend suggested that I use Speed Post. But, one day, my courier's man failed to show up. And I decided to give it a try.

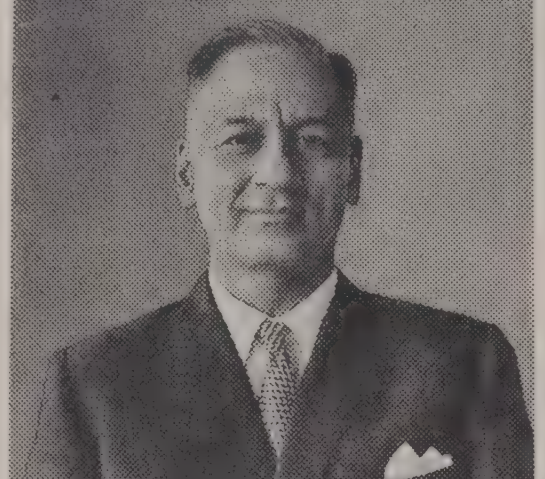
Believe me, that day changed my life! The Speed Post man was efficient, and their service charges were surprisingly low. When I also discovered that they covered many more stations than the others, my mind was made up.

It had to be Speed Post. The rest? Impossible!



Sundaram Finance Limited

21 Patullos Road, Madras 600 002



Ladies and Gentlemen,

I have great pleasure in welcoming you all to the Thirtyeighth Annual General Meeting of your Company. The Directors' Report and the Audited Accounts for the year ended 31st March, 1991 have been with you for some time and with your permission, I shall take them as read.

WORKING RESULTS

During 1990-91, your Company registered yet another year's excellent performance, setting a fresh record both in hire-purchase and leasing payments. The total receivables under hire-purchase, leasing and factoring reached an all time high and crossed the Rs. 500 crore mark. Your Company has maintained its position as the premier composite hire-purchase/leasing company in the private sector. Your Directors have recommended a dividend of 25% on the capital of Rs. 12 crore enlarged by a 1:1 bonus issue during the year, which on an adjusted basis works out to 50%.

POLITICAL SCENE

The successive and quick changes in the Union Government in the last one year and communal strife threatened to affect the political and social fabric of our country. The new Government is facing serious problems created by the law and order situation in the North, East and recently in the South, which resulted in the tragic assassination of Shri Rajiv Gandhi, the former Prime Minister, in the prime of his youth. However, in spite of all this, we, as a nation, have demonstrated great resilience and derived from our commitment to democracy. I welcome Prime Minister, Shri P V Narasimha Rao, a schol statesman, and wish him well in his new office.

ECONOMIC SCENE

The immediate task before the new Government was the worsening balance of payment, reducing deficit fi and containing inflation. The bold policy initiatives taken the imbalances in the economy are welcome. The devalu the rupee twice in quick succession should take the r a realistic level vis-a-vis the major currencies, boost expo cut down non-essential imports. The new industrial poli step in the right direction. The liberalised licensing pro the virtual scrapping of the MRTP Act and also per foreign investment up to 51% would create an atm conducive to industrial growth. I welcome the initiatives pragmatic budget presented by our learned Finance M Dr Manmohan Singh. It is hoped, with this clear of direction set by the new Government, the econom march forward.

MONETARY POLICY VIS-A-VIS FINANCIAL COMPANIES

As observed in the Directors' Report, the Reserve Bank o has been following a dear money policy affecting the avai of funds from the banking system. Further, there has agai a steep increase in the interest rates charged by bank financial institutions as well, which will increas funding costs.

The Reserve Bank recently announced policy changes Non-Banking Financial Companies (Reserve Bank of Directions, 1977. The interest rate payable on deposits increased by 1% from 14% p.a. to 15% p.a., besides the imp of certain restrictions on premature withdrawal of deposi granting of loans against deposits. Earlier, the ma interest rates on bank deposits were also increased in stages since October '90 by 3%, from 10% p.a. to 13 reducing the differential between the bank deposit rat company deposit rates from 4% p.a. to 2% p.a. These c have made deposits with Non-Banking Finance Compani attractive.

Your Company has been built by the trust and confidence 200,000 depositors and we have represented to the Reserv

ech Delivered by
ri T S Santhanam, Chairman,
HE 38TH ANNUAL GENERAL MEETING OF SUNDARAM FINANCE LIMITED
D ON 29TH AUGUST 1991 AT MADRAS

hitting us to pay the increased interest rates on the deposits also and for certain relaxations in the amended ns.

ibly, there is a feeling in some quarters that Non-Banking Companies have emerged as competitors to banks in the tion of deposits. The total deposits held by Non-Banking Companies is less than 1% of total bank deposits. I make t appeal to the authorities concerned to appreciate the e role played by the Non-Banking Finance Companies ilising household savings and channelising them to ve uses. They play a complementary role in the economic ment of the country. It is necessary to create a climate ve to the orderly growth of such companies and encourage assist the Government in its efforts to speed up economic ment.

AL CHANGES

ent Budget has increased the corporate tax rate by 5% etaining the surcharge @15% and has also reduced the ation allowance admissible for tax purposes. This will e the tax liability of your Company substantially. The proposes to revive the Interest Tax Act, enlarging its to cover Non-Banking Financial Institutions including rchase companies. Hire-purchase transactions are not lending transactions. Therefore, they should be excluded ne Interest Tax Act. There are manufacturing companies nsact hire-purchase business in large volumes running to hundred crores of rupees and there are also leasing nies who transact hire-purchase business and their share -purchase business may be over 40%. Therefore, it is an ly that these companies do not come under the purview of erest Tax Act.

D TRANSPORT INDUSTRY

e fourth year in succession, the monsoon has been good throughout the country. This will help increasing ltural production and augmenting ground-water supplies. lly, after the present credit restrictions are removed later ear, the liberalised industrial policy should create a able climate for sustained industrial growth. These efforts bear fruit if the road transport industry, which provides sential infrastructure to the economy, is not given the right y. It is regrettable that the road transport industry still shes with high tax burden, diseconomies caused by higher ing costs aggravated by bad road conditions and unremunerative freight rates. I hope that the Government will give serious attention immediately to revive this industry to achieve speedier economic development. There have been frequent increases in the prices of vehicles, tyres and spare parts during the last year and also the current year, causing great strain on the viability of the road transport industry. Unless the passenger fare and freight rates are raised, the road transport industry may not be in a position to absorb the current production, leave alone increase in production.

BUSINESS PROSPECTS

The mounting credit curbs and the fiscal changes will affect the volume of business to be transacted both in Hire-Purchase and Leasing and their profitability as well. Your Directors, therefore, hope to achieve only a marginal growth in the Hire-Purchase and Leasing business during the current year and consolidate the gains of significant growth registered during the past few years.

SUBSIDIARY COMPANY

India Equipment Leasing Limited, your subsidiary, fared well during the year under review and earned a profit before tax and depreciation of Rs. 263.53 lakhs as against Rs. 182.86 lakhs in the previous year. After providing a higher sum for depreciation and taxation, the profit after tax amounted to Rs. 65.54 lakhs. The Company has paid dividend at 14%.

DIVERSIFICATION

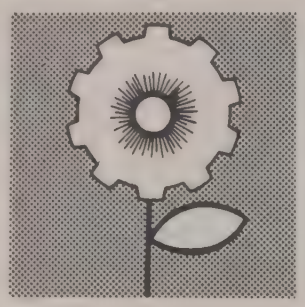
The proposal to extend financial services through a subsidiary in a phased manner is being pursued. The subsidiary will have the participation of the General Insurance Corporation of India and its subsidiaries and the State Bank of Mysore. It is expected to commence business by the year-end after getting necessary approvals, which are awaited.

ACKNOWLEDGEMENT

On behalf of the Board of Directors and on my own behalf, I convey my sincere thanks to the customers, depositors, bankers, financial institutions and the shareholders for their support and co-operation. I also wish to place on record my sincere appreciation of the excellent work done by the employees of the Company.

Note: This does not purport to be the proceedings of the Annual General Meeting of the Company.

RESULTS OVER REPUTATION



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R K SWAMY BB

uding stagnation

for more than just a phenomenal growth in the eighties, the ny ventures to infuse more shine into steel

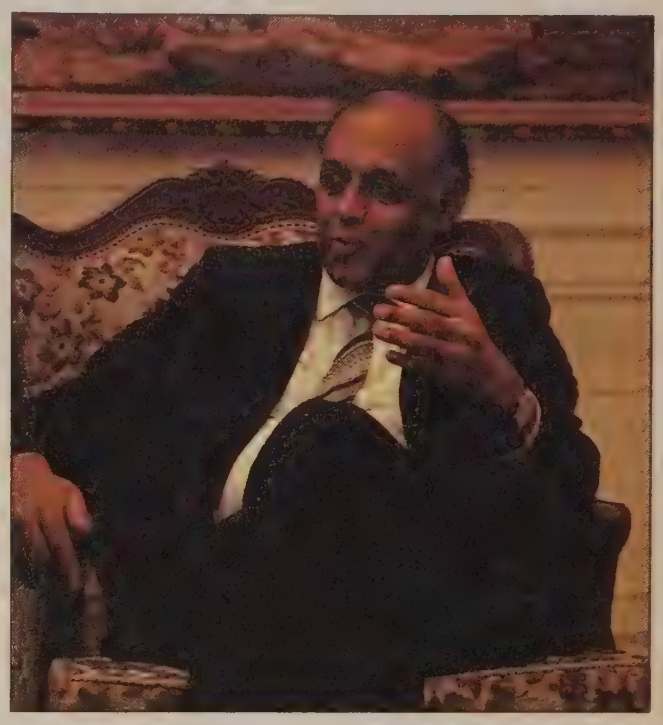
ink Big' is a slogan that typifies Rajan Mody these days. The uave, and erudite fiftythree-year-irman of Hindustan Develop-orporation (he is also a Sanskrit) is getting ready for a major 0 crore expansion. Not content e phenomenal 32 per cent annual which marked HDC through the , Mody has huge investments in eline, primarily in steel.

; immediate and prime project is itious Rs.380-crore steel project boration with Hamburger Stahl of Germany, for the manufacture e-added shaped steel products. project, with a capacity of 0mt per annum, set up near r in Madhya Pradesh, is expected n stream in February next year. nat time, 70 per cent of the first f 125,000 mt per annum will be ssioned. This new steel division nceived in 1987, at a project cost first phase, of only Rs.67 crore. lisation and inflation have d all this. Targeted capacity has now doubled. HDC is all set to enter the capital market with a rights issue of partly convertible debentures, at Rs.50 each to raise the equity component of Rs.294 crore. The foreign exchange component of Rs.24 crore has already been raised earlier. Ambitious plans indeed, but their performance has been lacklustre.

For the financial year, 1990-91, sales was stagnant while the 33 per cent jump in net profit to Rs.16 crore (*see table 1*) was due entirely to a Rs.5.75 crore leap in interest and dividend income. Without this extra income — which largely came from temporary placements of the new issue money raised last year — net earnings would have been lower than last year. Given the current inflationary pressures on steel processors, especially the 25 per cent rise in the price of scrap steel this year, one should expect the pressure on net earnings to last for at least another year until the steel plant gets underway in 1992. Not surprisingly, the scrip has been a stockmarket laggard in the current boom (*see table 2*).



is for railway wagons: a specialised product



Mody: "no project below Rs.500 crore"

A low-profile company ("We don't deal in consumer products," says K.C. Jain, president, finance), HDC is certainly no stranger to the investing public. It has assiduously tapped the capital market in the last decade, no fewer than eight times via a series of non-convertible and partially convertible debenture issues, the most recent being last year's mammoth rights equity issue. While the total rakings are estimated to be in the region of Rs.160 crore, Rs.67.5 crore alone was raised in the new issue of 1990. Mody expects the steel project to break-even in the first couple of years, add to turnover to the extent of Rs.500 crore and to profits in the region of Rs.100 crore.

This is a far cry from the company's early beginnings, when it was a sick engineering unit in the sixties, run by a predominantly Bengali management. At this time Rajan Mody who had a family business in oils and lubricants, took over HDC. He steered it during the seventies and eighties, and today, it has metamorphosed into a highly diversified company with ten plants producing a range of strategic industrial products (*see table 3*) in five states.

The company is secretive about the contributions to its different divisions, and prefers not to reveal the product-wise turnover in its annual report. However, analysts estimate that engineering products account for 60 per cent of total turnover, its monopoly item — calcined petroleum coke — for 20 per cent and other chemicals for about 10 per cent.



Jain: serving vital sectors

The rest is contributed by the unprofitable insulator and jute divisions. The engineering division, which alone has five plants — three at Calcutta and two in the north at Bharatpur and Faridabad — has a turnover of Rs.150 crore, and is easily the mainstay of the group.

What is creditable is that in the midst of assorted products, HDC has been able to do well for itself in the area of certain specialised products. For instance, railway components which includes chassis for bogies, rolling stock, and cast manganese points and crossings, covers 95 per cent of its market share and is valued at nearly Rs.60 crore. The only companies currently manufacturing these products are the public-sector engineering units and Chittaranjan Locomotive Works, which, according to Jain can compete with HDC neither in product quality nor delivery schedules.

Apart from supplying to Indian Railways, HDC exports a sizeable chunk of railway components to the USSR and other Third World countries. The steel castings unit at Bamunari which accounts for one third of HDC's engineering activities is being expanded. The technology upgradation and increased capacities to be spread over the next two years will involve nearly Rs.70 crore.

The engineering division is certainly the largest of HDC's operations, but the most profitable is the cyanide division at Olpad in Gujarat. Several new products — all standardised ones — sodium cyanide, potassium cyanide, downstream chemicals like diphenyl guanidine and, the latest, cyanuric chloride are manufactured.

The cyanides and chemicals company, as this division is formally known, is concentrating on capacity enhancement, to meet both domestic and export commitments. Exports from this division accounts for 40 per cent of its turnover. This high profitability is because the western world has banned cyanide manufacture and competition is low.

Another performance raiser is the petrocarbon and chemicals unit at Haldia, with a turnover of Rs.40 crore. HDC is the largest manufacturer of calcined petroleum coke (CPC), used in the aluminium industry and has a virtual monopoly in the market. Diversification is to take place with a Rs.50-crore caustic soda plant.

The laggard performer has been the company's new ceramic division which makes insulators for the power sector. Vikram Mody, Rajan's son and heir apparent who looks after this division, blames losses of this division on the slow development of the power sector and the bankruptcy of electricity boards — the major customers for insulators. Competitors however point to the poor quality of these products and the need for marked improvement.

The Dalhousie Jute Company Ltd, also handled by Vikram has turned the corner after a long recessionary spell and has shown cash profits to the tune of Rs.3 crore. This was a sick jute unit with liabilities of around Rs.8 crore when it was taken over by Mody in 1988 as part of a tax-beneficial deal with the BIFR.

Growth at HDC is largely attributed to Mody's "professional style of functioning and pragmatic choice of product lines". The consensus view is th has displayed an uncanny mar in the case of CPC, or even cyanid Gujarat Alkali has been their competitor. However, engineeri ucts, specially in the eastern reg always been subject to market tions depending on government at that time. Timely diversificat profitable sunrise areas — ch and petrochemicals — when th been relatively fewer competito private sector, has paid rich di Choice of technology, especiall cyanide division has been apt an tionally, the bulk of products fr division are import substitutes.

Mody says it is the firm's mana style which has made all the dif finance management being the growth management. "We are rich company because we believe retention, low borrowings and ployment of short-term capital fo term projects," says Mody and p the new steel project with an inc low debt of just 5 per cent.

He prefers to delegate respon at the highest levels, each divisio three-tiered, consisting of a pre vice-president with technical qu tions and a backup team. Mod ever, does not believe in recruitn the top. The president in charge o sion, he says has to be a person w been with the company for at l years and has worked his way countability at each level is so marcated that barring certain corporate decisions, all is left to management.

Interestingly, all of Mody's ne jects: steel, a Rs.700-crore spon project and a Rs.2,000-crore pow erating unit are likely to be based around Madhya Pradesh. Th doubt, is to avail of the significa cessions the state might have to unlike West Bengal. West Beng has a discouraging history of

Sales and profit grow

	1986	1987	1988-89	198
Sales	117	146	250	2
Profits	6.4	5.1	11.8	12
EPS (Rs.)	7.80	6.40	14.00	12.2

HDC's product line

Stars	Steel shaped products, steel castings
Cash cows	General railway engineering, cyanide, calcined petroleum coke
Thrust areas	Steel (value added special steels and backward integration), caustic soda
Power dogs	Power insulators, jute

DC had its first taste of indus-
est in two of its West Bengal
trgachi and Bamunari. Though
ot exactly result in losses, it cer-
mpered possible gains.
e HDC's best efforts to tap public
th the new issue, market sources
o have reservations about HDC's
to sustain growth capacity and
these new ambitious projects.
ll," says an interested observer,
s nothing in their track records
dicates that profit performance
e up to the Rs.100-crore mark,"
Mody expects. An official of the
oup observes that there is no as-
arket for value-added steel.

ing Thomases aside, HDC's cru-
ttest will be its steel project. Till
oc's product lines were consid-
e, and according to Jain, "noth-
h in the way of external factors
ly affect us, as we serve vital sec-
the economy". HDC's project,
r, has sought major value-
n, and according to A.N. Mitra,
nt, "To make the plant profita-
ell as cater to certain market seg-
where indigenous availability of
poor, we are aiming for a high
product mix."
includes high carbon steel, with
awing qualities, special low alloy
r the automotive industry, ball
steel, specialised stainless steel,
w material will mainly be scrap
onge iron. A large portion of
iron which HDC will produce in
hree years will be used for captive
nption at the steel plant. Experts,
r, point out that unless the steel
actually goes on stream, it will be
t to predict its success.
re government policies too will
crucial role in promoting growth,

ncial data *(Rs. crore)*

	1989-90	1990-91
ver	269.09	277.58
Profit	30.21	37.27
ciation	12.06	15.34
	5.55	5.80
ofit	12.60	16.14
	31.98	10.37
High/low	102.5/80	
t P/E	20.00	



says Mody who hopes for more liberalisation. Current interest rates on long-term capital are high, over 16 per cent. This results in higher import bills (especially for imported scrap, the basic raw material for HDC's line of products) and subsequently raises capital costs, complains Mody.

Unfazed nevertheless, by criticism, Mody intends to go full steam with all his projects. "We are not going to touch any project less than Rs.500 crore," he asserts. "The inherent strength of the company has made future diversification possible and within a span of three years we should make about Rs.800 crore in the way of turnover." This will mean that the company will seek public participation to part finance its projects quite frequently over the next few years. Says Jain, "We have never gone to the markets with amounts larger than needed, that is why it appears more frequent."

Rajan Mody clearly hopes that steel will be his source of glitter. While most other industrialists play current favourites like cement and petrochemicals, he believes this is the right time to invest in steel. The shine is already visible at Mody house which reflects all the trappings of the image-conscious industrialist: 7,000 sq ft of carved wood panelling, endless marble and glittering chandeliers and Mody's personal suite of offices which is said to have outdone even the much talked about suite of offices of the Chhabrias, at Shaw Wallace house. Given Mody's confidence it is perhaps only a matter of time before the glitter is real.

■ MADHUMITA BOSE

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OM CABLES

t breaking point

rospect of ruin faces the Rs.800-crore industry largely because forex crisis

the telecom cable industry, the y of reckoning has finally arrived. e foreign exchange crisis is taking and the prospect of bankruptcy large over the Rs.800-crore tele- ble sector, which relies heavily on s. Production at a large number com cable units, including the ta-based giant public sector un- ing, Hindustan Cables Ltd (HCL), ding to a halt. This is due to an shortage of vital raw material copper, and the inability of the ment of India to release forex to etals and Minerals Trading Cor- on (MMTC), the canalising agency, ports to replenish stocks.

. Gupta, chairman, HCL, puts on a front, claiming that HCL's inven- osition reflects adequate stocks of r to tide over the coming month, ich time he feels the crisis will have over. Abhijit Sen of Telelink , an affiliate of the Calcutta-based group, paints a far more dismal e. According to Sen, uation is quite desper- hich could even result ss-making situation at d of the current finan- ear, if the required in- don't come through. of the cable com- s, are virtually eking hand to mouth exis- and there have been action losses on ion.

duction slumped 735,800 km in March 1,600 km in April and er still to 495,800 km in Industry sources ad- at production fell fur- n subsequent months Says S.G. Chowdhury, y finance manager at Beltron, "It doesn't sense for us to down shutters as we might ultimately have to, if the situation doesn't improve, since we have orders in hand, and the Department of Telecommunications (DoT) is presumably in need of cables."



Photos: Goutam Chatterjee

Sen: the situation is desperate

Input costs account for about 70 per cent of the price of cables. Though the raw material content of a jelly-filled telecom cable varies with the type and size of cable, copper, polyethylene and filling compound together roughly account for around 60 per cent, with copper alone accounting for 30 per cent.

Indigenous capacity for the three forms of copper used — copper wires, bars and continuously cast rods, or CC rods, through which copper wires are drawn — is grossly inadequate. Whereas the cable industry has a registered annual demand of around 150,000 tonnes, Hindustan Copper, the primary



A core braiding machine in a Nicco cable factory

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The strategically located **3200 tpa** project, set up at Aurangabad, Maharashtra, at a capital outlay of Rs.28.74 crores, incorporates plant and machinery imported from Cerutti and Galileo of Italy and Titan of UK.

The Company has been promoted by Mr Vinod Jhunjhunwala, an NRI based at Los Angeles, USA and Mr Vimal Kumar Jhunjhunwala in India. With a growing market and the encouragement extended to the packaging industry by the Ministry of Food Processing, **Uvifort** is all set to give the flexible packaging user industry a quantum leap forward. Giving the venture a future packed with potential.

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A future packed with potential



Telecom cables awaiting despatch

, can meet but half the re-
ent. The balance was till
cently being met through
ed imports though the

commissioning two years
f Hindustan Copper's
tonne plant at Taloja in
ashtra, was a step towards
g the gap in demand. The
as set up to convert impor-
per cathodes of cable grade
C rods. It was a drive to-
import substitution as CC
sed to be imported until
o the extent of 100,000
annually. There were only
ocal manufacturers whose
ned total production did
far in meeting domestic
d.

les, as imports through the MMTC become increasingly irregular of opper cathode supplies to Hin- Copper have dwindled, and ty utilisation at its new plant is low 30 per cent.

ugh copper cathodes had been de- ed much earlier, supplies were not ed as 25,000 tonnes of cathodes nported by Hindustan Copper an- against supplementary licences. the government decided it could are forex for such imports.

top of this comes the cash crunch. ding to S.R. Khastagir, executive or (commercial) of Hindustan r, the tight liquidity position has day-to-day operations tough.

only course left to the industry, at ncture, therefore, is to make use of im scrip route. But that would up- e economics of each of the com- . Says N. Sen, "If we have to get pper under the exim scrip, we can't to pay the steep premium, in addi- o the customs duty which works around 200 per cent. There has to ationalisation at the customs level, ternatively let us import under On the other hand, adds Sen, "so e government hasn't actually said tems will not be decanalised or be imported by the MMTC, but the isation has been crippled because k of funds."

e biggest argument for the industry st import under OGL is that the facturers would find it difficult to pass on the hike in input costs (estimated at nearly Rs.25,000 per metric tonne) to the DoT. The reason is that while the DoT's contract with the industry includes a price escalation clause, which covers a hike in copper prices, it applies only to copper imported through the MMTC, and not OGL imports. Besides, this year there has been no revision in the selling price of cables, and the DoT continues to offtake on the basis of repeat orders at last year's prices.

Despite volumes being severely affected, Hindustan Copper expects to place about 60,000 tonnes of copper products including its stock of imported cathodes in the market this year. But Chowdhury is not convinced. He claims that Hindustan Copper has cut supplies to about 40 per cent of the requirements since April this year.

Whereas last year there were no setbacks and stock rolling was on a monthly basis, a cable company now needs to build up stocks for at least two or three months to keep production on an even keel. This would mean an additional funds requirement of Rs.2.5 crore to Rs.3 crore. However, bankers are assessing credit limits on the basis of last year's stock limits putting manufacturers in considerable difficulty, complains Chowdhury.

Polyethelene used in insulating and sheathing compounds too is in short supply. Indian Petrochemicals Corporation Limited (IPCL) is the sole producer of base LDPE resin, a major ingredient for the compound, which has to be imported in sizeable quantities as the domestic output within its naphtha cracking facilities is insufficient to cater to demand. Though there is some indigenous production of HDPE, by blending imported LDPE resins, the quality according to G.M. Apte, technical director at HCL, is inconsistent. The shortage is likely to be partly overcome when IPCL's gas cracker complex at Nagothane begins to deliver. But then, the installed capacity at 10,000 tonnes of cable grade LDPE will be only half the industry's requirement.

As with copper, imports of polyethylene are no longer easy. Earlier imports were much cheaper, and cable manufacturers either imported the compound directly or procured it locally from those who manufactured it from base resin obtained from IPCL. Since April 1990, both HDPE and LDPE resins have been declared restricted items, and the availability of insulation compounds of acceptable grades fell. On the other hand, OGL imports, with margin money at 200 per cent together with devaluation, have become prohibitive. This could well become a permanent problem.

Unfazed by all these problems, a senior executive at Hindustan Copper says confidently, "It won't be long before the allocations are made and business will resume as usual. The recent crisis was more of an aberration." The cable industry is however not quite so sure.

■ MADHUMITA BOSE

MONEY MARKET

Much money, high interest

Though the call market rate has eased, there is no relief for the industrial borrower and the consumer

After the extremely tight conditions that banks experienced in the last few months, there are now signs of relief. The call market rate has ruled between 12-15 per cent for over a month now, which is quite low compared to the 50-75 per cent between May and July. (The past month's rate is, however, higher than the normal levels of 4, 6, and even 10, per cent in the comparable period last year.) The low rate in the money market indicates that there is enough money in the banking system. This could be because banks are only taking a breather before the busy season brings on yet another cash crunch in the call market when the demand for credit rises.

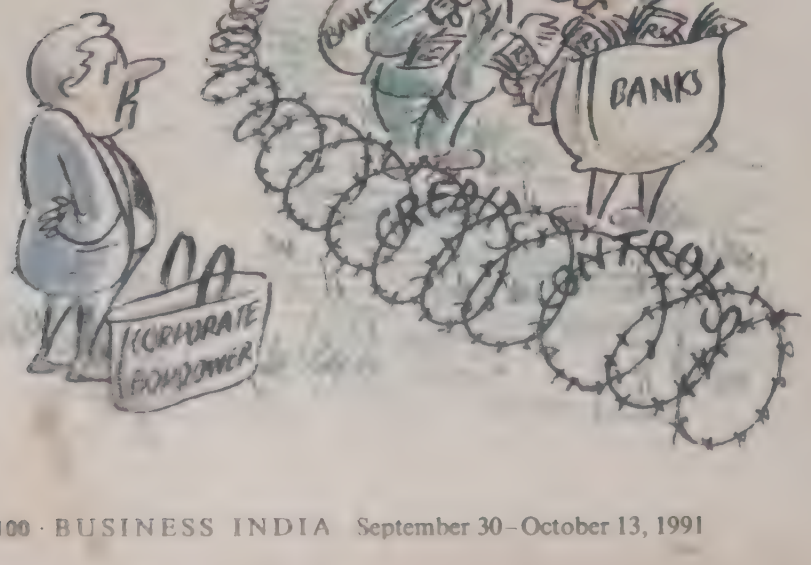
But all this money will not be available to the industrial sector, the milch cow of the economy. A few months ago when the money market was tight banks made industry pay through the nose. Pleading a resource crunch and pressure on profitability, they pegged interest rates to the call rate, thus passing the high cost of their borrowings on to industry.

But now when the call rates have fallen, banks show no signs of lowering their rates. Reason: the floor limit on the rates, fixed by the Reserve Bank of India at 18.5 per cent, does not permit them to charge non-priority borrowers less. On the other hand, the tight credit policy of the RBI — aimed at curbing liquidity in the system and, thereby, inflation — does not allow banks to release a larger amount of credit to these borrowers either.

So, where is all the money going? For that matter, where was all the money a few months ago and from where has it come now? May to September is the slack time for credit demand every year. This year, however, was unusual, in that May-June experienced tight money market conditions. Fund managers in banks cite several reasons for this, the most important being recycling of funds between banks. Says one manager in a foreign bank, "The unforeseen curbs clamped by the RBI on credit and imports affected asset maturities."

In other words, having to place 200 per cent cash margins for imports without getting any additional credit (coupled with a freeze on credit eligibility) took most corporate borrowers by surprise; they defaulted on their repayments. With time, however, say bankers, the corporate sector adjusted itself to the situation and now recycling of funds has considerably improved. There is also less pressure on banks as imports have slowed down, thanks to the RBI's stern measures.

This year about Rs.3,000 crore came into the system through deposit accretion and about Rs.1,200 to Rs.1,400 crore via the turnaround in food credit. However, credit creation being at a slower pace, this money remained within the system. Banks are supposed to use the call market to bridge short-term (from overnight to three months) requirements of funds. They must also fulfil their statutory obligations on a fortnightly basis depending on their demand and time deposits. To meet the shortfall in statutory requirements banks often have to access this overnig ket at the last minute.



With liquidity in the market c ing to increase, even tradition chronic borrowers have begun comfortable. According to a fund ager at a nationalised bank, a fe borrower banks have become m lenders and the demand from others has halved.

There are other reasons, too, market being easy. For instanc Unit Trust of India comes in ever to the call market after its coll drive in July, and stays till these are invested. NDDB too has repaid Rs.300 crore, as it is not importing oils at present and, therefore, do need credit immediately; this am naturally, has been absorbed by th tem. Repayment of government bo ings worth more than Rs.380 cror interest payments of over Rs.1,000 have also come in. The net effec been that, from the total dema Rs.4,000 to Rs.5,000 crore in th market, more than half has already satisfied through recycling of fund

Bankers are not expecting th uidity to be sucked up, at least ti middle of October, in spite of th vance tax due on 4 October and in application to accounts at the e September. The market, in other w is likely to remain easy till mid-Oc this year (some bankers extend the line by a month) as against the 7 cent interest rates ruling aroun same time last year.

All the same, industry will con paying high rates of interest — than the RBI's tight money credit polic official of a nationalised bank say should help banks recover the losse made in borrowing at an exorbitan between the time the call rates spi and the time banks jacked up the in rate. Which means, banks will re their costs from industry and ind in turn, will pass on these costs t consumers. This brings us to the c question: from whom will the ha consumer recover his, or her, costs

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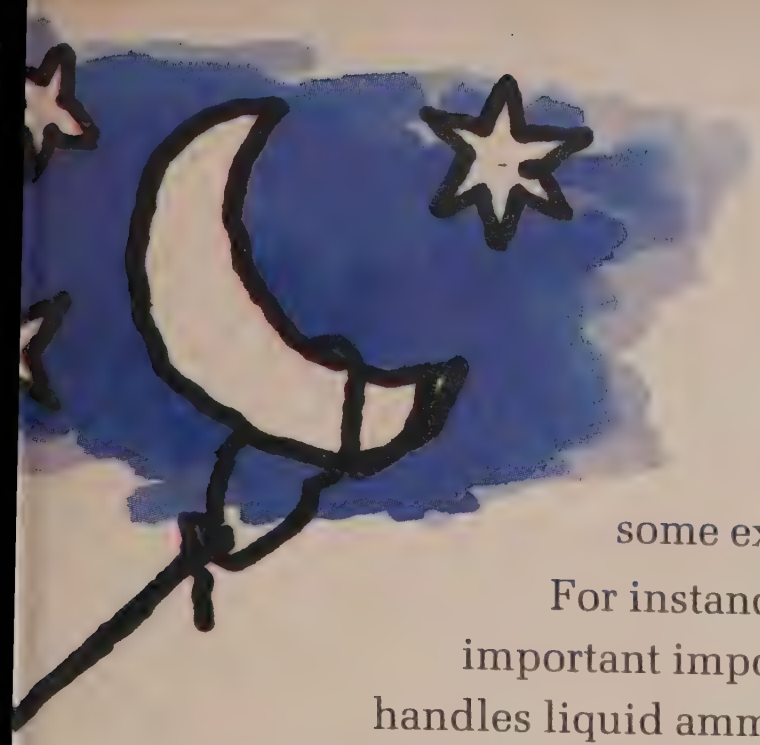
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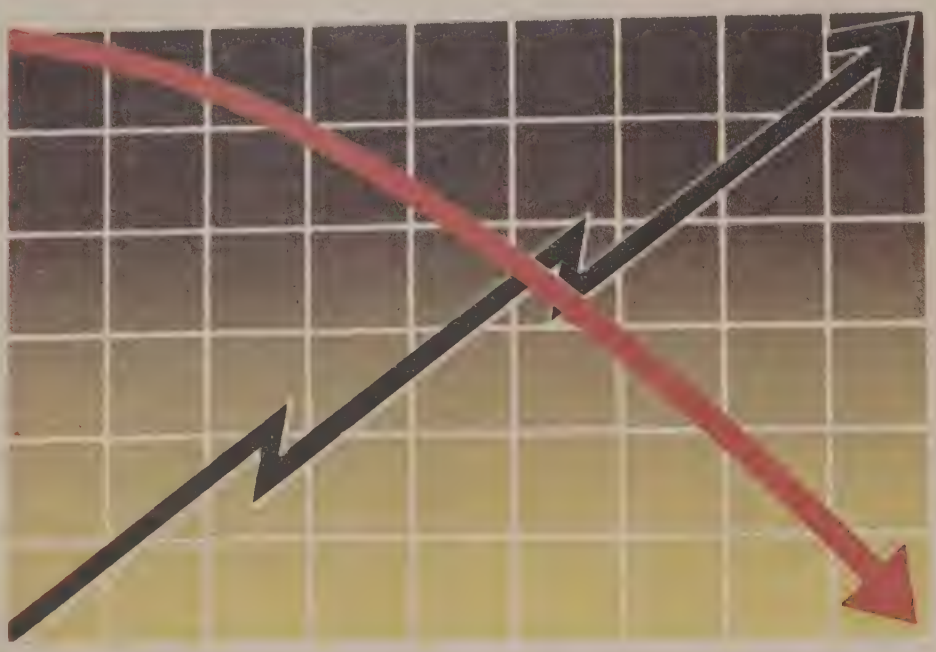
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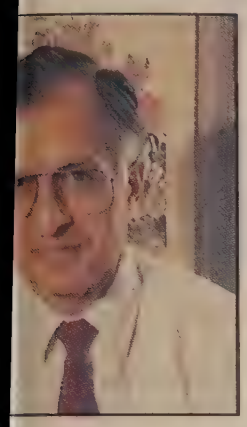
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I T ' S A L L A B O U T W A R M T H

Managing complexity



India has developed a high-cost industrial structure behind walls of protection. Liberalisation is now compelling Indian industries to modernise and offer greater variety. Increasing manufacturing complexity will put further pressure on costs. Simplification of the product range and delaying modernisation are inappropriate responses. They may ease cost pressures in the short term but will increase long-term cost problems. Indian industry needs "appropriate management technology" to manage these complexities cost effectively.

Our industries were created for the small Indian market, not the world arena. Import controls and tariffs made it necessary for them to make or buy locally a very large part of, if not all, the inputs of materials, components, equipment and technology they needed. Thus they have grown up, both smaller in size than their competitors in other countries and more vertically integrated. This is a recipe for potentially high production costs.

Upholding the obsolete

Protection against foreign competition has allowed many Indian companies to offset the problems of high fixed costs per unit sales to some extent by simplifying their product range. Models have been kept in production long after they were obsolete elsewhere in the world, like Hindustan Motors' Ambassador car. Standardised products have served a variety of different market needs and thus high volumes per model have been built, like the Tata 1210 truck and bus chassis and the Bajaj scooter. These strategies become less viable as the companies venture abroad or face more competition domestically. Products have to be upgraded more frequently and a greater range has to be offered.

It is apparent that companies that have responded to the need for variety, and provided targeted products for specific customer groups, have been successful in increasing market share and volume. Which should not detract from the lesson Ford had taught the world earlier. Standardisation and large scale production do reduce unit costs, enabling producers to charge lower prices which can also lead to an increase in market share and volume. The challenge is to produce a greater variety of products, introduce new models more frequently and at the same time reduce costs. Neither General Motors, nor Ford, nor the large European automobile producers have been able to meet this challenge.

New approach

Toyota has and so had Honda. Their new approach to production management is described by Womack, Jones and Roos in their book, *The machine that changed the world*, based on MIT's five year worldwide study of the automobile industry. Ford developed "mass production" which earlier revolutionised manufacturing and was applied in several industries — automobiles, radios, TVs, home appliances, etc. Toyota subsequently developed "lean production" which is being applied by world leaders in these same industries to overtake those who are as yet in the "mass production" mould.

Mass production is based on concepts of division of labour, specialisation and standardisation. Notions of economies of scale, minimum batch size, and economic order quantity, drive decision-making at various levels. Competitive advantage and low unit costs are derived primarily from size. This model leads to industrial strategies which are concerned with attaining size by structural means; mergers and acquisitions of firms in free economies; capacity management and industrial licensing in centrally planned economies.

Lean production is based on concepts of flexibility, team work and continuous improvement. This model leads to industrial strategies concerned with extended cooperation throughout a process chain, across boundaries of firms.

Lean production is not "Japanese" production. It is a cost-effective approach to managing increasing market complexity. It has enabled manufacturers to reduce to one-fifth the number of units of a new model required to amortise investments. Greater variety can be produced within smaller total volumes. Product development is much faster, less costly and less risky. Lean production is "appropriate management technology" for Indian firms that want to improve their domestic competitiveness and increase exports. They must modernise their products, increase product variety and reduce costs at the same time.

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FOREIGN PORTFOLIO INVESTMENT

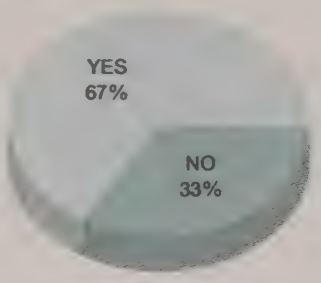
An exciting new option

Over the last few months, there has been a growing realisation that India needs to increase the inflow foreign capital. While, in the eighties, India had used foreign debt as a means of financing its growth, nineties saw the country's credit rating taking a knock, because of higher debt-service ratio. The gove is now examining new options to increase its foreign exchange inflows pursuing non-resident Indians up projects in India and encouraging multinationals to invest in India

But there is one avenue that the government has overlooked — foreign portfolio investors. Collectively, these global money managers control over $3 trillion in cash, of which nearly $500 billion has been invested in the emerging markets. In order to find out whether these money mandarins would be interested in investing in the Indian stockmarkets, the Bombay-based Quantum Financial Services surveyed foreign portfolio investors in Hong Kong, Singapore, and London, to find out what they would like to see happening in the Indian markets and the kind of money they would like to invest in India. The respondents, at present, account for a little under 10 per cent of the money that has already been invested in India, through the existing India country funds. As a group, they collectively control over $250 billion in the global markets.

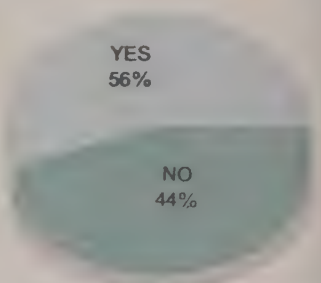
The survey indicates that foreign portfolio managers would like to see the Indian markets opened for foreign direct investment. The amount of money coming into India, in their view, would be over $500 million. The foreign investors would not be perturbed by the 1 per cent and 5 per cent limits that now non-resident Indians under the folio investment scheme. All tha serve Bank of India needs to do this source, is to delete th "Indian" from "non-resident and amend its existing scheme to *any* non-resident to acquire share the existing NRI portfolio inve scheme. In fact, the Reserve B India already permits foreign tions to open FCNR accounts; and cently announced Inward Remi Scheme permits any non-resid send money to a beneficiary in I

Is your institution a shareholder in any of the existing India country funds that have been launched?



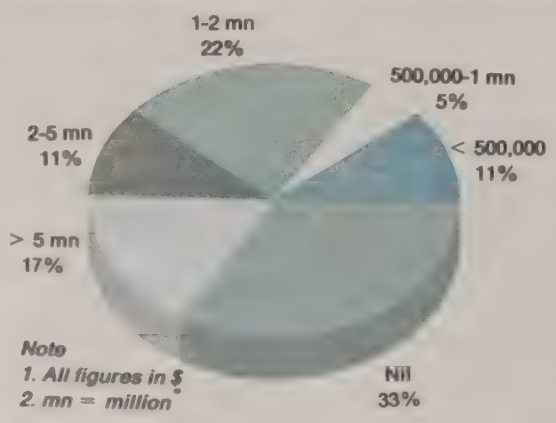
As many as 67 per cent of the respondents had investments in at least one of the India country funds that have already been launched. Some respondents who did have investments in India country funds had divested at the time of the survey.

In your view, are international investors interested in investing in more India country funds?



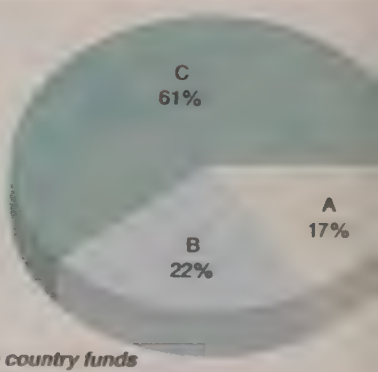
There are more than six proposals pending with the min finance and the RBI to launch more country funds to inves Indian stockmarkets. However, a substantial number cent) feel that international investors are not interested.

What is the value of your institution's investments in India through the existing country funds?



The respondents had collectively invested in excess of $30 million in various India country funds. This is a little under 10 per cent of the total amount of money invested by all foreign institutions in the India country funds. Collectively, the institutions who have responded to the survey have more than $250 billion for investing in the global capital markets.

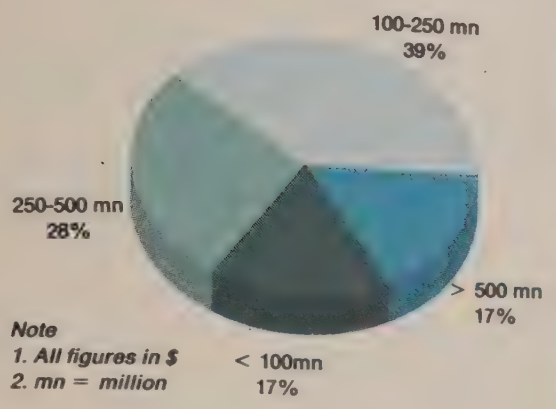
What should the government of India do next? (Please rank 1, 2 and 3 in order of priority)



A: Give permission to launch more country funds
B: Allow Indian companies to issue Euro-convertibles
C: Give foreign investors an opportunity to buy shares directly in Indian stockmarkets

An overwhelming majority (61 per cent) of foreign invest that the government should let foreign investors buy sha rectly in the Indian stockmarkets. While 22 per cent recon that it allow Indian companies to issue Euro-convertibles, cent feel that it should let them launch more country fun

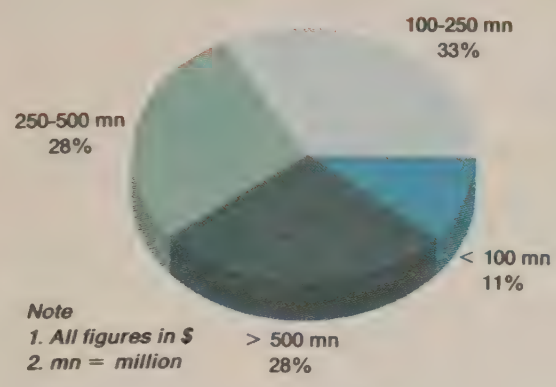
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Note
1. All figures in $
2. mn = million

majority (83 per cent) of the respondents is of the opin-
aunching more country funds will not fetch India more
0 million, 17 per cent say India can raise more than $500

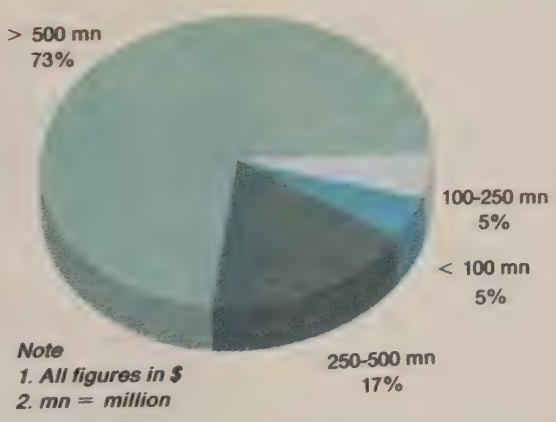
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Note
1. All figures in $
2. mn = million

2 per cent of the respondents opine that funds raised by
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Note
1. All figures in $
2. mn = million

27 per cent of the respondents feel that allowing direct
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w that India can raise more than $500 million by this

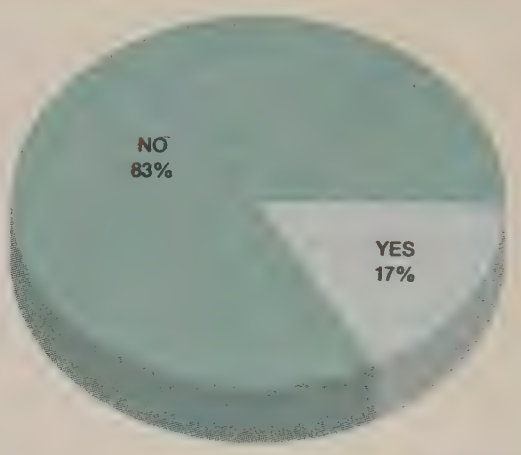
If the government prevented any single international portfolio investor from acquiring more than a 1 per cent equity stake in a listed Indian company, would that stop you from investing in India?



Under the existing non-resident Indian portfolio investment schemes, no individual NRI is allowed to buy more than 1 per cent equity stake in a listed Indian company.

A majority of foreign investors (88 per cent) feel that this 1 per cent limit would not act as a obstacle to investing in India.

If the government limited all investment by foreign institutions in a listed Indian company to 5 per cent of the equity capital of that company, would tha stop you from investing in India?



Under the existing non-resident Indian portfolio investment schemes, NRIs collectively can acquire more than 5 per cent of the equity capital of a listed Indian company. Assuming a $30 billion capitalisation of the Indian stockmarket, NRIs could have collectively acquired shares valued at $1,500 million. However, the collective investments in the equity markets from NRIs is not more than $100 million — only 7 per cent of its potential.

As many as 83 per cent of the foreign investors state that this 5 per cent limit would not act as an obstacle to investing in India.

Given your experience in other emerging Asian markets such as Indonesia, Malaysia and Thailand, what should be the settlement time for any transaction you may make in the Bombay Stock Exchange?



An overwhelming 95 per cent of the respondents feel that the settlement time for transactions they may make in the Bombay Stock Exchange should be less than 14 days. The settlement period on the Bombay Stock Exchange is, at present, between 10 to 20 days and will meet the approval of the foreign investors.

A TILE OF RIKVIN FLOORING WON'T CAUSE A FRACTURE IF YOU DROP IT ON YOUR FOOT.

NOW, DRIVE A FORKLIFT TRUCK OVER BOTH AND SEE.

Introducing Rikvin Quartz Reinforced Flooring. ■ So light, it can be misleading. Until you lay it out, then drop some weights on it or drive a forklift truck over it. ■ Why is it so tough? Because it's made of a unique mixture of quartz (the second hardest material after diamonds), PVC, plasticisers etc. ■ Whatever you do, Rikvin won't complain for a lifetime. Even if you spill acids and chemicals on it. ■ Rikvin is anti-inflammable and self-extinguishing, not even letting out toxic fumes. ■ In case you thought that something so enduring has to be ugly, look again. Rikvin is available in a variety of hues and colours, sure to give your factory a facelift from down below. ■ Rikvin Quartz Flooring is manufactured in collaboration with Rieber & Son a/s., Norway – the pioneers of quartz reinforced process technology. And is popular in more than 100 countries. ■ Whatever your need be, Rikvin Flooring will suit them all – industrial, commercial heavy duty, commercial and residential. ■ From now on, if you think your factory, office or home doesn't look pleasing when you glance down, contact Rikvin. You won't feel that way after 24 hours.

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e Don Beveridge way

g awaited event did not disappoint; it made at least some people -look at their occupational roots

industry that is buckling under ressures of reduced marketing ends find the time to dwell on ch as personal and corporate Going by the attendance at the training workshop organised the Federation of Advertising India, the International Adver- ssociation and the Ad Club the answer, amazingly, is a re- "yes".

ornight, over 300 advertising nals and marketers gathered in to listen to the gospel according Beveridge. Often described as a's most outstanding speaker', ge commanded rapt attention or his powerful orational skills, ontent of his presentation.

essional motivator and interna- nsultant to companies in the 500 league, the well-travelled ge speaks with the voice of expe- le worked for 10 years with Mo- 'got bored" and switched back st love: teaching. From 1971 to s year, he taught at the Manage- stitute of the University of Wis- Along the way, he also wrote the ng *The Achievement Challenge*, ed by Dow Jones.

uestions

ng the competitive edge' was the f the workshop which began veridge asking each participant their answers to the three most nt questions of their career/ s: Where are you today? Where need to be? How much time have to get there?

nswers, according to him, would clues as to the reasons why suc- businesses often don't stay suc- Beveridge said that the cause of s not a deficiency of knowledge eficiency of execution, which he n to explain by saying, "You o out of business because you now your business. It's because ses don't do what they know to

He added, "Successful companies often lose the desire to compete and turn fat and lethargic. You make decisions that are good for you and not good for the business. Success therefore breeds failure."

According to Beveridge, the only way to score over competition is to be pro-active rather than just re-active. Which means that businesses need to be customer-focused if they are to stay successful. But in six times out of ten, customer satisfaction is traded for employee satisfaction. "And when this happens," he warned, "you're on your way out of business."

Deepak Tolani



Beveridge: commanding rapt attention

Buying has to be made a pleasant experience. Research shows that 87 per cent of Americans hate the process of buying a car. Companies should ask themselves, "Why do our customers buy from us?"

The bottomline

Further, Beveridge opines, every business must have its own non-negotiable standards. The bottomline of these should be: the customer should be more than satisfied. Beveridge cited the example of the chief executive of fast foods giant MacDonalds who spends one day every month in a restaurant actually serving Big Macs to customers. "If you are not serving the customer, you'd better be serving someone else who is," he warns.

Speaking on achieving positive customer responses, Beveridge said that 80 per cent of corporate brochures are a disaster. Most brochures still carry the picture of the founder or the managing director or a picture of the corporate headquarters. Such symbols only satisfy the manufacturer's ego and are of no interest to the customer.

Comparing yesterday's selling skills with those of today, Beveridge said that today's salesman must know his customer's business as well as he knows his own. Talking of the product in the initial sales contact is taboo, according to him. Top performing salesmen tell the customer what he needs rather than asking the customer to choose from the range of products that the company offers. Above all, the salesman must be accountable to the customer.

Admittedly some of these golden tenets hold true only in competitive markets rather than a protected market like that in India. But with the catchwords today being 'liberalisation' and 'opening up', hitherto monopolistic manufacturers would find their bastions vulnerable to global forces. The time has come for moving and shaking. And those who imbibed Beveridge's lessons, realise this all too well. As one of the participants remarked: "Beveridge made me take a re-look at my roots, go back to the very beginning of my career and from there assess my objectives under a new perspective."

■ MALA MALKANI

The Premier Philosoph



Accessories shown in the picture are not part of standard equipment.

mes change, values don't.



PAL The Premier Automobiles Ltd.

TO GET INTO THE GUI
YOU HAVE TO



Udaipur, 19 June 1991:

At precisely 10.12 a.m. two young Indians, Rajendra Singh and Lal Singh, finally completed an amazing feat which has won them a place in the Guinness Book of Records.

In their Tempo Trax, they set the World Record for the "Longest Fuel Range" – driving 2,605 km non-stop, without re-fuelling (and breaking, in the process, the earlier record that had been set by an Australian team in a Toyota Landcruiser in 19

In order to set this new record, the two br literally had to make a journey through hell. across the blazing deserts of Rajasthan at the height of summer. And battling against obsta like eye-splitting sandstorms, temperatures hi 45°C, and torturous roads that were covered anything upto 6ft of shifting, treacherous san

It was the ultimate test of man a machine pitted against a hostile environment... and triumphing over it, spectacularly.



Rajendra Singh



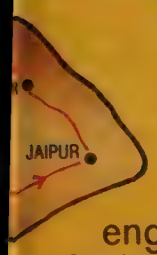
Lal Singh

"Frankly, to take on a challenge like this, there was only one vehicle we would trust: the Tempo Trax."

S BOOK OF RECORDS, ROUGH HELL.

nazing vehicle behind the amazing feat

vehicle the Singh brothers chose to break the Record with was, of course, a Tempo Trax. ique rough-road vehicle that's been entirely d, engineered and manufactured by Bajaj Tempo in Pune – a triumph of indigenous Indian technology. The Tempo Trax delivers everything you could look for in a rough-road vehicle: • A 65 BHP OM616* engine for unmatched power, reliability, fuel economy and low-noise performance • High performance gearbox and axle



• Tough, stylish pressed-steel body with full doors for complete safety • Superb handling, excellent riding comfort • Spacious, comfortable, well-furnished interior • Available with a choice of canvas, PVC and FRP tops • Comes with the longest warranty of any Indian rough-road vehicle.

* Made under licence from Mercedes Benz AG, Germany.

TEMPO TRAX

THE ROUGHROAD MASTER!



BAJAJ Tempo LTD.
Akurdi, Pune-411 035.

SARDAR SAROVAR PROJECT

Lintas backs out

Neither Alyque Padamsee nor the authorities expected the hue and cry that followed the choice of the former's agency to engineer the Narmada dam project's media blitz

Mounting pressure from the public has ultimately forced Alyque Padamsee, the high-profile chief executive of Lintas India, to decide against taking up the Rs.5-crore advertising account of Sardar Sarovar Narmada Nigam Ltd, the Gujarat government corporation engaged in construction of the controversial Sardar Sarovar dam on the river Narmada.

Dubbed by some as the "lifeline of Gujarat" and by others as an "environmental and social disaster", the Sardar Sarovar Project has been at the receiving end of bitter opposition from environmentalists and hostility from the media. To counter this, SSNNL had decided to mount a multi-crore media blitz to convince people of its desirability.

The corporation invited four top agencies to make presentations. These included Lintas, Hindustan Thompson Associates, R.K. Swamy Associates and Mudra Communications. In the end, Lintas was decided upon.

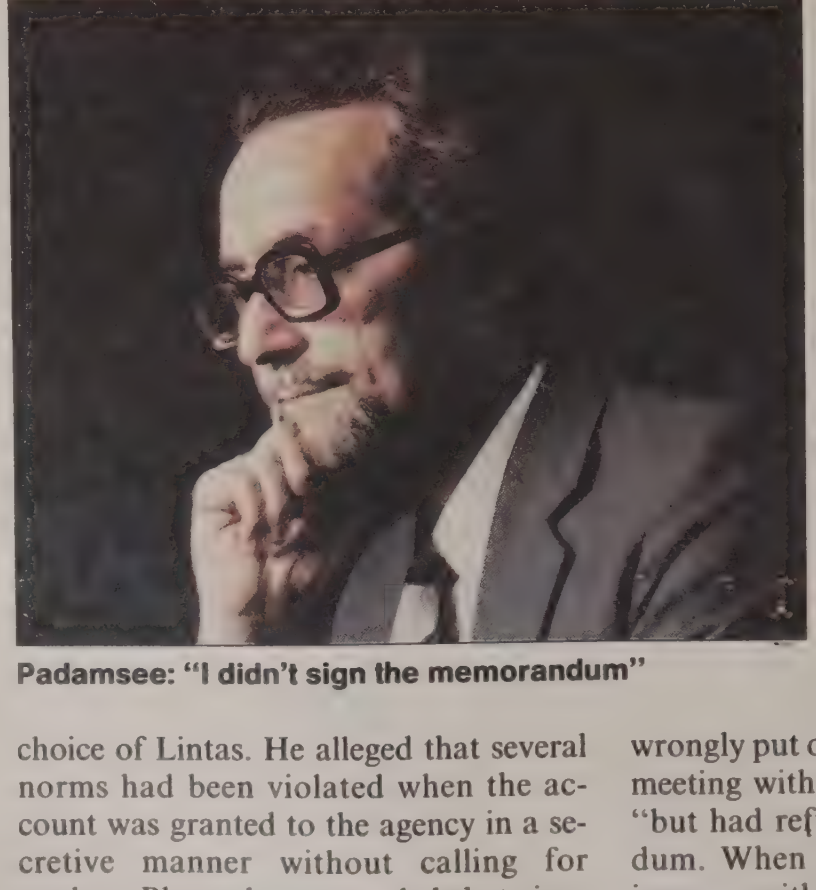
According to an SSNNL spokesman, the account involved a budget of Rs.1.18 crore for six to nine insertions in 19 urban dailies and 10 rural dailies and six insertions each in nine periodicals. A sum of Rs.31 lakh was earmarked for 15 spots each of 30 seconds on the national network and Rs.61 lakh for 15 spots of a minute each on the regional centres of Bombay, Ahmedabad and Delhi.

Lucrative deal

Lintas was obviously in for a lucrative deal; over and above its well-imaginable fee for engineering the media blitz, the agency was to charge Rs.10,000 per press release and Rs.40,000 for organising a press conference.

But neither SSNNL nor Lintas expected the storm of protest that broke out once the agency's choice was announced. The fact that Lintas is well-known for its public awareness advertising and socially responsible stands only made matters worse for the agency. Activists opposed to the SSP were quick to condemn the move as "a sell-out" and accused Padamsee of "shortselling environmental concerns for business". Some of Padamsee's close associates, like Anand Patwardhan, who has been involved with Padamsee in a communal harmony campaign, also publicly denounced the Lintas chief executive. Worse still for Padamsee, some activists allege that in June 1988 he and 50 other prominent personalities, had actually signed a memorandum calling for a halt on all work on the project.

The entire affair was given a curious twist when a Bharatiya Janata Party MLA from Gujarat, Ashok Bhatt, moved a writ in the Gujarat High Court against the choice of Lintas. He alleged that several norms had been violated when the account was granted to the agency in a secretive manner without calling for tenders. Bhatt also contended that since the SSNNL was not manufacturing or selling anything, there was no need for any advertising. The High Court had granted a stay in the matter.



Padamsee: "I didn't sign the memorandum"

Faced with this barrage of criticism, Padamsee had a meeting with SSNNL chairman C.C. Patel and advised him that advertising for the project was not a good idea. He instead recommended that Patel call a conference of environmen discuss the issue.

Padamsee says he has reason actions. He says, "When we m presentation for the account we v that the project was going to water to 30 million people by disp few thousands. When you don't client, you take facts given to you But later, various representatio to me pointed out that the figures a little different. It was then tha cided to opt out of the account."

Project not right

But why didn't he check out the f forehand? "It has happened b Padamsee says. "We have gone by client has told us and prepared c sentations. Later, if we found t product was not ri decided against count. If we have for products, ther reason why we not do it for proj any case, I felt tha tising was not a idea. I conveyed the SSNNL chairm he accepted it."

Padamsee clarif while his agency h granted the acco contract had a been signed. He a that he had not a signed the memo for the project a his name had wrongly put on it. "I had a two-ho meeting with one Mihir Shah," "but had refused to sign the me dum. When some people broug issue up with reference to the ac asked them to produce a copy wh ried my signature. They failed to d

Undoubtedly, Padamsee's decis save Lintas' image of a socially agency. And for SSNNL, it seems, t lic relations problem it has on ha now not only continue but becom vated with Lintas' refusal.

ECTRIC COMPANIES

ore fuel for controversy

ver company's proposal to set up a new quick start-up facility aground with more and more objections being raised

ay in environmental clearances e ministry of environment for ectric Companies' 180-MW d cycle plant, to be based at , has added fresh fuel to an al- ated controversy surrounding osal.

eady runs six units at its Trom- er station; these include units I, of 60 MW each, unit IV of 180 d Units V and VI of 500 MW e fresh proposal consists of a able of generating 120 MW gas turbine and 60 team turbine by re- pent heat.

ed for the new unit by an expert com- nquiring into the f grid failure which d Bombay on 23 November last year. uded that a major or the delay in res- of power was that units at Trombay uick start-up power ties; this, the ex- , could be provided MW gas turbine.

roposal was cleared tate government in y this year. The ministry of environ- d forests, however, the final clearance TEC's compliance tain conditions laid when a similar clearance was for Unit VI. Says Debi Goenka, y of the Society for Clean Envi- t, "The ministry had stipulated company should scrap units I, II after commissioning unit VI. But ough Unit VI has started func- , I, II, and III have not been d."

according to Goenka, TEC has mping flyash into the creek adj- ereby violating an environment y ban on such dumping. Also, by using coal as a fuel in Unit V, he says the company is violating a Maharashtra government ban on the use of coal as an industrial fuel in Bombay.

Goenka, in fact, has a basic objection with the argument that TEC requires new quick start-up power facilities at all. He says, "MSEB has huge gas-based turbines across the creek at Uran. TEC could easily use power from these units for quick start-up."

S.P. Manaktala, vice-chairman and managing director of Tata Power Ltd, retorts by saying that these accusations have "no basis in reality". He adds, "All the stipulations that TEC has been accused of violating have either been modified, rescinded, their implementation postponed or they never existed."



Are the environmentalists' fears unfounded?

Manaktala says that while unit VI had been completed, it was facing teething problems and will be fully commissioned only by next year. "As for scrapping units I, II and III," he says, "it is the Maharashtra government itself which has asked us to continue generation till the combined cycle plant is commissioned." This is confirmed by U.K. Mukhopadhyay, the state government's secretary for power.

Mukhopadhyay, who also happens to be the environment secretary of the state, adds that unless the 180-MW unit is commissioned there will be a constant danger of grid failure. He feels that the environmentalists' fears are unfounded as "the combined cycle plant will not be a base-load plant but only provide auxilliary power".

"In any case," Mukhopadhyay says, "the pollution load will not be allowed to increase. The clearance granted by the state government clearly specifies that the permissible limits of pollution will continue to remain at present levels."

Regarding the siting of the 180-MW unit, Manaktala points out that it is logical to have a quick start-up unit close to the main units. A TEC spokesman says, "In case of a grid failure, the MSEB facilities at Uran are useless to us." Flyash, the spokesman adds, is not dumped into the creek but released in a bunded area. At the instance of the government, TEC has already signed an agreement with Aardite Holding of Holland to make flyash aggregates. And Manaktala points out that the ban on the use of coal as a fuel does not apply to TEC since it is not an industrial unit but a utility.

While the debate on the plant continues, the delay in obtaining the environmental clearance is costing TEC dearly. It has delayed the utilisation of a $158-million loan from the International Finance Corporation. The loan was meant to cover the costs of the controversial plant as well as a 150-MW pumped storage project located at nearby Bhire. Now, with Goenka threatening to go to court over the issue, an early resolution of the controversy is unlikely.

■ RAJU KANE

TATA STEEL

Changing priorities

A record export of Rs.207.01 crore in 1990-91 marks a watershed in Tata Steel's export strategy. This year's target is over Rs.300 crore but the profile of products exported will be very different. "The new policies of the government have been least beneficial for the export of engineering goods," says Aditya Kashyap, executive director (corporate), Tata Steel. "I see a situation where non-steel exports will grow much faster. In the future we will look more like a trading house and steel exports will not be a primary thrust area."

This decision comes as a big surprise, especially since Tata Steel has been able to carve a niche for itself in the area of steel exports. In 1988-89, these exports stood at Rs.33 crore, which grew to Rs.85 crore in 1989-90 and to Rs.144 crore last year. While the largest portion of such exports are in tubes, seamless or otherwise, the newest stars are the value-added products.

Unique product

One of these is the thermo-mechanically treated Tiscon 50 ribbed bar rods, or TMT bars, used for reinforcing concrete in the construction industry. The product, according to officer on special duty and developer of the product, K.S. Lakshman, is unique because it allows the reduction of steel used by 50 per cent over conventional mild steel rods and yet provides the same strength to concrete. Australia, Iran, Iraq, Sri Lanka, Nepal have been buying the TMT bars and would want more; but every ton exported leads to howls of protest from the domestic construction industry. At the moment, Tata Steel exports about Rs.45 crore of TMT bars.

But then, the decision to stay away from steel exports makes sense for, like any wise corporate player, Tata Steel is merely reacting to the reality of world markets. There exists a steel glut — the world production is 800 million tonnes per annum as against demand for 700 mt. No wonder there is cut-throat competition in the world market place.

On the other hand, Indian steel prices are higher and there is a wide gap between supply and demand. This gap is likely to widen. "No doubt, steel can be exported to meet import requirements but the export push can also come through other products. Coff per, for example," says Kash

According to the executive makes better business sens grated plants like Tata Steel trate on the domestic marke manufacturers who have ac electric furnace route used to mt of steel scrap annually. I w they will now afford it with th rupee. So there is going to b market availability from that

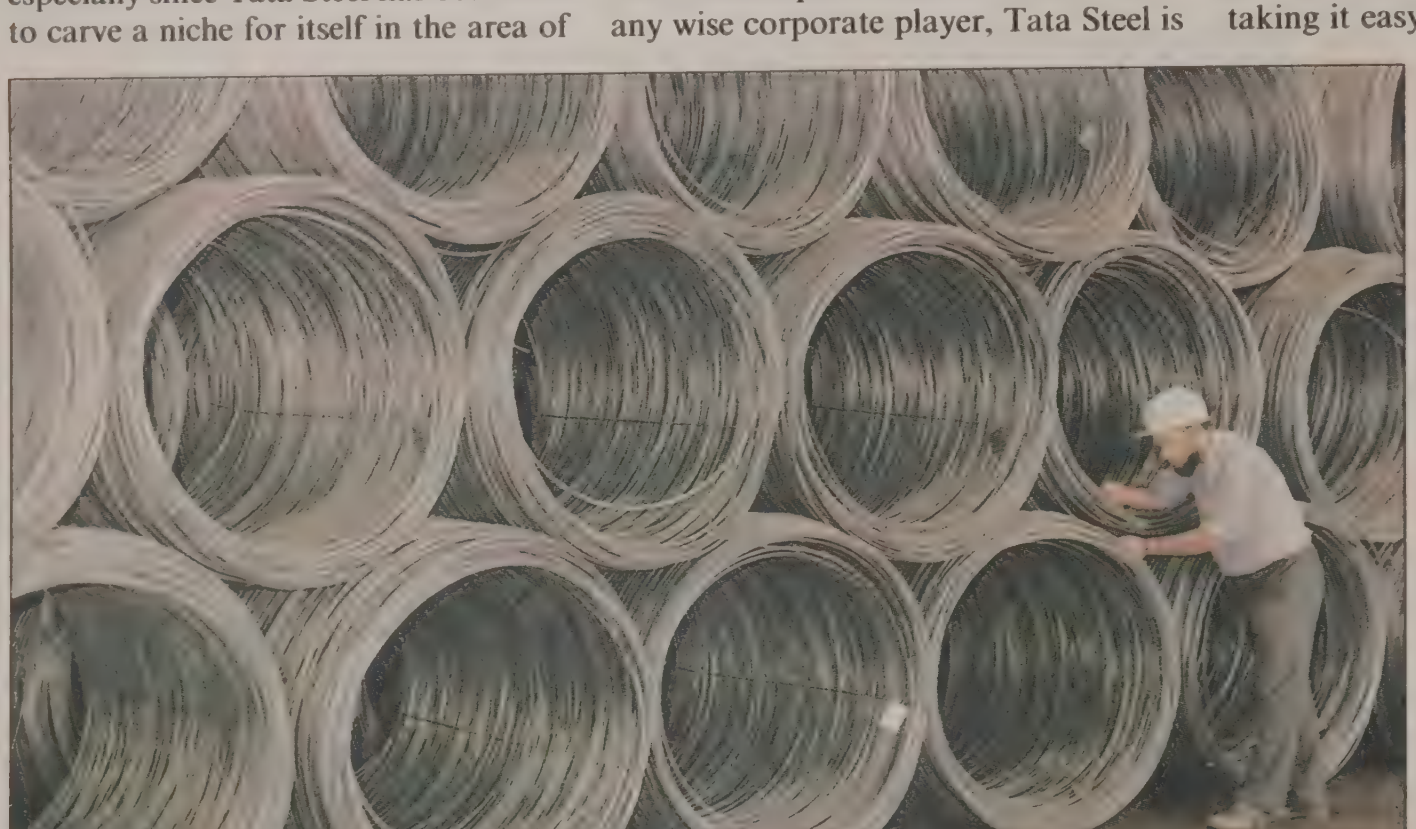
Not enough steel

Besides the call of the domest there is another reason for T taking it easy on the export fr just do not more steel to e produce 1.6 mt The joint pric mittee of the ce ernment allov export only 10 of this total q says Kashyap bulk has to be to the JPC for b in the controlle The little left o the free dome ket. "Even if s trol goes — government h stressing that i — the premiu domestic marke make it more a to export grea tities," adds Ka

Recent go policy changes last nail in the coffin. The cash satory scheme for steel en goods varied between 6 and 8 After it was discontinued, Ta margins on export earning shrinking.

All these factors, thus, ha Tata Steel avoiding engineerin While this may have come as pointment for overseas clie buyers must be overjoyed.

▪ s



Coils ready for despatch: adverse policies

Exim scrips: the next step



BALKAR

The ministry of commerce is to be congratulated for launching nothing short of a revolution in the Indian business climate by its announcement of the new foreign trade policy: when the author first proposed the Exim scrips scheme, such a revolution was not merely expected — it was intended! The adoption of Exim scrips will change the lives of businessmen in so many interesting ways that many people may not have grasped the full extent of these enormous changes.

In terms of the Indian business climate, Exim scrips represent not just one but a collection of several revolutionary reforms in terms of:

• Freer imports without quantitative and other restraints, enabling industries to respond to domestic market/model acceptance fluctuations as well as supplier market fluctuations overseas. This new found flexibility will challenge businessmen to show nimbleness in their response to market dynamics. No more need they be worried that a phenomenally successful product may not be in adequate supply because of import licence restrictions on quantities and sources. Conversely, if some products do not quite fly in the marketplace, businessmen will have the flexibility to make more of those that do succeed.

• Elimination of the pernicious phased manufacturing programme (PMP) mechanism that tied up industrialists in knots. A tortuous way of reducing forex outflow on components and raw materials, the PMP had become a regulation more often observed in its breach. The new mechanism gives financial incentives to manufacturers to indigenise on account of the expected premium price of Exim scrips.

• Elimination of paperwork and procedural hassles in terms of import licensing is an obvious outcome of adoption of cash-like Exim scrips. This will also mean avoidance of interactions with a whole layer of bureaucracy.

• Better realisations for exporters will now be possible through expected Exim scrip premiums of the true value of their exports, which should be measured in terms of what useful goods (and services) they will buy for the country. This is the strongest incentive one can give exporters who have hitherto merely supported those who prospered in the expanding domestic market based on the forex earned by the exporters.

• The elimination of unsustainable subsidies from the Union budget. The expected premium commanded by the Exim scrip also eliminates quite naturally the need for artificial props and subsidies such as cash compensatory support to make exports profitable. It also avoids retaliation by buying countries who dislike export subsidies by supplier countries as they fear that these subsidies distort their own markets.

While it may take businessmen several months to realise the extent of the revolution that is likely to be, this is also the time to look ahead at the next step — having only tariff barriers.

All the benefits of this revolution can be nullified by the perpetuation or indeed introduction of physical restrictions on imports through the import list. There need be only tariff barriers, no non-tariff ones. The imperative of the hour is for removal of physical restrictions on imports; ie no banned items and no quantitative restrictions or actual user type restrictions.

To those who react in horror, one need only point out that the benefits of market responsiveness conferred upon the business community by Exim scrips could be drastically reduced by such backdoor quantitative restrictions.

Indeed, if only to make a point it is even instructive to look at extremes: take luxury automobiles, for instance. Most socialists would consider the import of automobiles to be the ultimate nightmare of liberalisation; yet our nation's languishing tourist trade that cannot yet match that of the lone city of Bangkok, might find this a valuable "industrial" input to their business! It does take all kinds to keep an economy going.

Prejudging what the economy will need and in what quantities is an unworkable approach as we have discovered over the past four decades of centralised planning. We would be repeating the same mistake if we carried this process to the import list. The same goes for the mistakes of the past of prejudging what industrial processes ought to be undertaken in the country, regardless of whether they add significant value or not. To illustrate, the Bureau of Industrial Costs and Prices (BICP) report on personal computer manufacture highlighted this folly several years ago, yet last year's import list banned the import of any populated printed circuit board no matter how essential (even one or a small number which would be impractical or uneconomic or impermissible to manufacture locally). For this reason, there should only be tariff barriers. Essential but impractical to manufacture components should be importable freely provided

...or is president ...Tech, an ...onal business ...ncy firm based ...ay

Exim scrips are purchased and the appropriate tariffs paid.

In the initial announcement, the small-scale sector has been exempted from the Exim scrips mechanism. If this is meant to give them time to understand how the mechanism works, this is all right. However, in the medium and long term, there is no logical basis for exempting their imports from the same linkage to exports, even if it is to someone else's exports. The prevalence of oxymoron-like small-scale giants in several industries is further proof that our artificial definition of smallness is inadequate reason for extending the sweep of trade reform to this sector as well.

All the benefits of the Exim scrips revolution can be nullified by the perpetuation or introduction of physical restrictions on imports through the import list. There need to be only tariff barriers, no non-tariff ones, i.e. no banned items and no quantitative restrictions

In the area of capital goods, once use of foreign equity to purchase imported capital goods is conceded as being a good idea, it is not at all clear why capital goods imports by domestic companies should be out of subsidised "free" foreign exchange. The recent clear trend towards capital-intensive technologies and inflated project costs would suggest quite the contrary. What better way to inject sense into the investment process than to make imported capital goods, not funded out of capital inflows from abroad, bear their true cost to the nation by insisting on their being funded through Exim scrips?

Most readers know that the current supply of Exim scrips is related to exports by the 30 per cent formula. Those that recall the author's column in 1988 on the Exim scrips scheme will remember a key concept known as the balance of trade target or "BoT-Target" which is precisely this ratio of Exim scrips to exports. That the BoT-Target cannot be kept as low as 30 per cent for long is pretty obvious — the past year's import bill of S14 billion or so (Rs.28,000 crore) in imports other than "essential goods" is certainly more than 30 per cent of the same year's e some S16 billion (Rs.32,000 crore). tinuance of such a low BoT-Target v creating a recession in the Indian Yet, the current run on FCNR accoun availability of forex reserves for ess ports until release of IMF funds, re obligations of short-term commer rowings, etc, clearly present a sound temporary diversion of a large chu port earnings to those needs.

Over the next three months, the r IMF funds should raise forex rese enable essential imports of S1 billio ally, which in turn would enable t Target to 50 per cent. In anoth months, the confidence of NRIs shou stored and prompt them to renew t posits maturing this year, amou another S1 billion enabling the BoT-T be raised to 70 per cent.

The third and final step towards cent will, however, take time. This is of our long-term debt service obl which are about 30 per cent of export will need large and continuing capital

In the absence of an increase in NRI (as opposed to mere restoration of levels to earlier levels upon re-establ of confidence), which seems unlikely retrospect undependable, only larg term capital investments by multina can help us. The latter process will least two years to have a visible impac tor confidence takes a long time to b lished, especially when investor attractive alternatives.

In any event, use of Exim scrips to goods should be made as easy as g bank draft for payment of a magazi scription from the local bank is today the banking channels instead of the the Joint Chief Controller of Import ports to issue Exim scrips would perm Banks could square up their Exim scri tions each day quite easily, as they forex today.

As outlined above, the revolution w through the means of the new foreig policy will take some two to three y work itself out and reveal the full be impact on the nation. Impatient tinke those looking for quick results and fixes can only recreate that monster o tionary controls and hurdles that we h demolished. Patience, on the other ha surely yield its own rewards.

ISTRIBUTION SYSTEM

anging attitudes

e recent dramatic changes in s trade and industrial policies, imha Rao government is faced gigantic task of restructuring ucracy. Judging by the atten- to a meeting of the advisory the public distribution system last month, the government have decided to begin with the meeting was addressed by the nister. "Previously these meet- to be a formality," says an

me minister's personal interest g about a change of attitude. can play an important anti- ry and anti-poverty role. In the a more open economy might ll sections of the on. But in the n, measures like on could have an ary impact. An PDS could act as a t to millions who benefit imme- om the process of tion.

system

as it is currently ed, suffers from bias as well as a bias. In the rural e PDS works well ne southern states arly Kerala and adu) and in West Also the states of P, Madhya Prad- asthan and Ori- unting for 52 per he population be- poverty line, get only 12 per cent pplies. The weakness of the PDS ral areas of the northern states is of the absence of a co-operative nt, says M. Subrahmanium, griculture secretary. According ata, in 1986-87, UP and MP, eat eating states, got only one and 0.5 per cent of the wheat by the system.

mbat this bias, a restructured PDS would now focus on areas covered by the drought prone areas programme (DPAP), the integrated tribal development plan (ITDP) areas and hilly and desert areas. Out of a total of 5,100 blocks in the country, 1,700 to 1,800 blocks have been identified as needing special attention. The poorest families are to be benefited in these areas.

For instance, the advisory council meeting has decided to increase the range of commodities to be distributed through the PDS, including such things as tea, salt, soap, match boxes and exercise books. "This will involve no additional subsidy except for dhotis and saris, which we will have to buy from the National Textile Corporation (NTC)", says civil supplies secretary B.K. Goswami. "The other commodities we will purchase direct from the wholesalers and sell below market prices by cutting out the middleman."



Deepak Tolani

Unloading foodgrains: distribution problems

For the urban areas, the government proposes to provide better coverage to slum dwellers and workers in the unorganised sector such as construction labourers. However no plan seems to be on the anvil to exclude the better off sections of the population from the ambit of the PDS. "The dual card system has not worked in Andhra Pradesh, where 70 per cent of the population claims to be below the poverty line," says Goswami.

As part of the overall strategy, the advisory council meeting took a number of other ambitious decisions. Problem villages are to be identified within one month and a number of fair price shops are to be opened within three months. Requirements such as transportation and storage facilities are also to be identified within three months.

Grain delivery linkage

The other important change is to link delivery of foodgrains to employment generation programmes like the Jawahar Rozgar Yojana (JRY). The quantum of foodgrains distributed through these programmes had reached 2 million tonnes in recent years, but has dwindled to insignificant levels in the last financial year.

Payment through food will ensure targeting of the poorest sections of the rural population as they are the only ones who are willing to work on such programmes. Participants in these programmes normally want to be paid in cash. But officials feel payment in kind will ensure that liquor cannot be bought and this could help attainment of minimum nutritional norms.

Fundamentally, the problem is one of political will. The states where the PDS is strong, particularly in the rural areas, are those which have implemented land reforms and have strong co-operative movements. In the absence of these measures, a strong PDS is unlikely to emerge in the problem states of UP, Bihar, MP and Rajasthan.

■ BODHISATVA GANGULI

End of a stormy relationship

Amid a flurry of charges and counter charges, Sealand Service has terminated its 13-year-old association with Ranadip Shipping

On 17 September when the world's leading container operator, Sealand Service Inc (turnover: S3.5 billion), issued a 90-day notice for termination of the agreement with its Bombay agent, Ranadip Shipping & Transport Co Pvt Ltd, it marked the end of a 13-year association. With that, Ranadip, owned and managed by the high-profile Dilip De, is certain to lose the bulk of its business.

The trouble, brewing for quite some time now, came to a head in June over two issues. One, when Sealand decided to try out a new service, Ranadip refused to hand over Sealand's 46 empty containers lying unused in its Mulund depot. But Sealand nevertheless managed to shift the containers from Mulund to Nhava Sheva. Bill Burns, Sealand's India representative, was arrested for alleged "misappropriation and fraud", and released on bail.

Secondly, in June this year, Sealand sought to appoint a new agent for New Delhi, which was being handled by Ranadip since 1981. A major dispute arose when Sealand tried moving three containers by train from Madras to New Delhi in the name of newly-appointed Delhi agents Paramount Intermodal Transport Pvt Ltd on June 28. Ranadip cried foul because the main application to form Paramount was dated 5 July.



De: losing business

R.R. Joshi, chairman of Paramount, clarifies that since the original application to form Paramount, made in March, was unacceptable, registration was delayed. And once the error — of moving material in the name of a non-existent company — has been rectified with a formal registration soon thereafter, it is not illegal.

Why did Sealand terminate its relationship? "Their unco-operativeness," says Burns, "forced us to take independent charge of our operations." Besides, Sealand, which records an estimated annual S 40 million in freight earnings from India, found that its container traffic was declining. From 298 containers handled by Sealand between January-June 1990, the number had halved to 112 for July-December 1990. The "quality" of service from Bombay and Delhi, says Burns, had suffered tremendously.

The Ranadip-Sealand relationship has in fact been stormy ever since Bill Burns came to India in August 1988. "By the beginning of 1989, we knew that we could not work with Ranadip," says Burns. "We had told De that we were willing to take his cavalier attitude up to a limit. But he never listened, and very quickly he crossed the limit."

Indeed, apart from a personality clash, Sealand has been unhappy with the functioning of Ranadip Shipping. Consequently, it has been forging new alliances, cutting itself loose, in the process, from Ranadip. The first to go, on 7 March 1989, were the unviable Calcutta operations, handled by Integrated Marketing Pvt Ltd, a sister concern of Ranadip.

Apart from appointing new agents, other indicators also confirm Sealand's growing dissatisfaction with Ranadip. In January 1987, Sealand shifted from a 'cost-plus' to the straightforward 'agency commission' deal. For four months, beginning January this year, Sealand held back on its payments to Ranadip. It also cancelled reimbursements for travel and entertainment. Simultaneously, Sealand appointed Arthur Anderson to audit the Ranadip accounts. Moreover, which had to be paid within were invariably paid on the las

Meanwhile, Sealand's conf the Customs and the Reserve India cannot be glossed ove back as 1980, the Bombay Cust started adjudication proceeding



Burns: fraud charges

Sealand for alle sion of duty Rs.46 lakh. D that Ranadip, Sealand's agent, involved in that The matter is court.

When underta handling, transp and destuffing o cargo in the docks last year, charged arbitrar "It was only weeks," says Burns, and the high were charged to compensate losses Sealand was suffering on bound cargo.

Bombay Customs has also be vestigating an 'alleged fraud' co on the Dutch shipping carrier, N Lines. On 25 July this year, Shipping Agencies, agents for N complained that Sealand, in conj with Paramount, had illegally us general bond number while dec Rs.19-crore bond to the Delhi C Forbes Forbes Campbell, Trider ent company, also complained land. Paramount claims it to clerical error", since the agency been set up and the directors wer bai at the time.

Whether these instances were ate attempts at sabotage or gen rors, one fact cannot be denie Ranadip-Sealand association is over, though De is certain to con plague Sealand in court. Accor him, "the dispute between Seala Ranadip arose because Ranadip willing to be a party to the crimi spiracies hatched by Sealand to c Indian economy." Who finally whom is, as usual, debatable.

■ DEVE



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CIN

eating history

ears of research have culminated in a production breakthrough

abad-based Andhra Synthetics Antibiotics Ltd has become the mpany in India, and the second orld after Schering Plough of the develop and manufacture sis- a broad spectrum antibiotic. the culmination of four years of by P.K. Bhattacharya and his ASAL's unit at Jeedimetla in Hyd. sisomicin, currently imported t of Rs.4 lakh a kg, will now be e at Rs.2 lakh.

arch and development has been iorte. Where public sector com- had failed to manufacture gen-, another antibiotic, even after ng technology worth $350,000, d succeeded in 1987, being again Indian company to do so. The ny owes its success to its mastery ermentation process.

rugs are basically made through ocesses: synthetic where there is ogical process involved, for eg, as manufacture of the painkiller fen; and fermentation which in- micro-organisms. Besides ASAL, re only four other fermentation brought together voluntary or- tions, researchers, bank officials, vernment and NABARD representa- "The discussion centred around quest of voluntary agencies to let lp groups get bank credit from na- ised banks, and the possibility of tary agencies getting some com- tion in money for the work that are doing," said Dinkar Rao of organiser of the conference.

nks have several social banking pro- mes, but they are faced with prob- while lending to the poor. The loan nts are small, identification of cli- ifficult, and repayment levels low. luntary agencies have been playing le of an intermediary for social programmes. However, this is not ut related problems — the banks nonths to release the loan, there are procedures (say, in one case, 28 tures are required). As an alterna- voluntary agencies can organise self

of contamination are great. When air is passed through the culture, an alien micro-organism can enter and vitiate the whole process. Also, the entire process takes three years after commissioning of plant. And last, but not the least, there is a scarcity of trained technologists in the fermentation field."

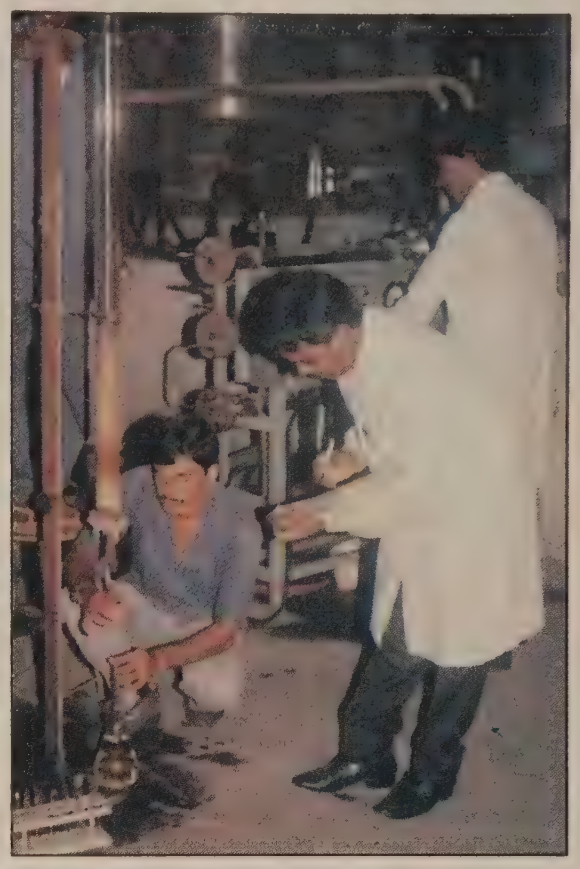
The first step is getting the culture. There are two main sources — the American Type Culture Collection Centre in the US and the National Chemical Laboratory, in Pune. The culture which gives some indication that sisomicin could be produced is bought. Then experimentation begins with developing a culture which gives a slim positive indication. Through mutation techniques, the positive activity is increased till 600 micrograms of sisomicin is available per mililitre. At this point it is viable to start industrial production.

Scale-up process

Industrial production involves a process of increasing the growth or biomass of organisms. The dormant refrigerated culture is revived for 10 to 15 days in a

has 10 members, eac carbon and nitro- contribution of Rs. l iomass, there is a group meets and th process when the lected is loaned to d through 1-litre 1991, 58 such groups 2,000 litres, in the says V.C. Nadarajar pre-fermentation Pradhan (Professio Development).

According to Wil the seed flask is ject manager, Myra fermenter medium ment agency), "In ature of 30 degrees and Dharmapuri seven days of the Nadu, Tamil Nadu s, the batch is har- ment Project has a perature is brought ment for 40,350 F C and agitation and Myrada will identi he liquid is passed establish them into re the liquid antibi- ganise a regular sav resin. The concen- tion to assisting n available is dried supervision of staf ed, after further pu- has agreed to pr d sisomicin is con- groups for agricult ations and sold by mal husbandry an affiliate of Schering, Myrada will be pa rth Rs.2 crore. Last



Separation: the final stage

year 25 kg of sisomicin were imported. Today, ASAL has a capacity of 15 kg. It plans to market sisomicin itself in the form of eyedrops and injections. Says Pratap C. Reddy of Apollo Hospitals, "After an operation a patient is normally treated with gentamicin. But soon he develops resistance to gentamicin through continuous use. Then we switch to sisomicin."

The demand-supply gap for gentamicin in India is large, with local demand being partially met by Hindustan Antibiotics and Fulford India selling the formulations produced by its parent company. The residual demand is met through smuggled gentamicin. The main buyers of gentamicin produced by ASAL are IDPL and Karnataka Antibiotics; ASAL also sells its own formulations.

"Ultimately we plan to expand our gentamicin capacity to 1,500 kg and 400 kg of sisomicin. This would need an investment of Rs.1 crore totally, Rs.25 lakh being the requirement for the first phase, for expansion and upgradation," says Bhattacharya. With the US patent for sisomicin, held by Schering Plough, expiring in 1992, large export potential also exists for ASAL. Already there have been positive developments towards exports to the Russian and Hungarian markets.

■ MEERA SHENOY

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EXPORTS

a(a)za in the Middle East

d in its own country, Maaza is doing famously abroad

companies manage to have the of all the worlds. Look at Parle. ms Up and Limca reign supreme oft drinks market in India. How- other Parle brand, Maaza, is no- n the reckoning. But are Parle rs worried?

Maaza may not be well nationally, as become Parle's brand overseas. .5 million cases of products sold, 's share is 80 per the overseas fran- etwork developed lle in the last 15

nning with an ar- ent with the - Beverage Com- Sharjah (UAE) in Parle today has more franchise in places like t, Rotterdam and habi.

brought together voluntary or- tions, researchers, bank officials, vernment and NABARD representa- "The discussion centred around quest of voluntary agencies to let lp groups get bank credit from na- sed banks, and the possibility of tary agencies getting some com- tion in money for the work that re doing," said Dinkar Rao of organiser of the conference.

ks have several social banking pro- nes, but they are faced with prob- while lending to the poor. The loan nts are small, identification of cli- fficult, and repayment levels low. untary agencies have been playing le of an intermediary for social programmes. However, this is not ut related problems — the banks nonths to release the loan, there are procedures (say, in one case, 28 ures are required). As an alterna- oluntary agencies can organise self



s up all the way?

apricot, guava, passion fruit, orange, lichee and papaya. Bottles, tetrapacks, cans, combipacks — Maaza's packaging is varied in the overseas markets.

In 1990 there was a lull due to the Gulf war. Otherwise, the annual growth rate

has 10 members, each contribution of Rs.1 group meets and th lected is loaned to a 1991, 58 such groups says V.C. Nadarajar Pradhan (Professio Development).

According to Wil ject manager, Myra ment agency), "In and Dharmapuri Nadu, Tamil Nadu ment Project has a ment for 40,350 p Myrada will identif establish them into ganise a regular sav tion to assisting supervision of staf has agreed to pr groups for agricult mal husbandry an Myrada will be pa

s' sales has averaged gest markets appar- nd Kuwait. But it's lk for Maaza. The rtised and marketed etition rears its head local brands.

st established a fran- chise network? Why has it not invested in the respective bottling companies? For one, these companies do not exclusively bottle Maaza. Other local soft drink brands are also manufactured by them. Adds Mungale, "Even in India we primarily have franchise arrangements, and these work especially well overseas, as the franchisees know the local markets, laws, etc, best."

New markets

Parle's commitment includes helping the bottlers in commissioning the plant, providing technical and marketing knowhow, training the staff, and supplying the concentrates and mango pulp. Growing at a rate of 15 to 20 per cent, Parle's annual export turnover from mango pulp and other soft drink concentrates is Rs.5 crore. Encouraged by the progress, Parle is eyeing other markets like Zambia, Mauritius and even some of the erstwhile East Bloc countries like Bulgaria.

In the Soviet Union, Parle has been persuaded to participate in a joint venture for the first time. In the Rs.8 crore project to be located in Nukus in Uzbekistan, Parle will have a 49 per cent stake, with the remainder 51 per cent being contributed by Uzibank and the Nukus Brewery. The plant will have a capacity of 24,000 bottles per hour. As Russians are hearty drinkers, Thums Up will be packaged not in 220 ml but in 330 ml bottles — that's Maha, Maha Cola.

With so many new projects ready to take off overseas, its seems like thumbs up all the way for Parle.

■ INDIRA KHANNA

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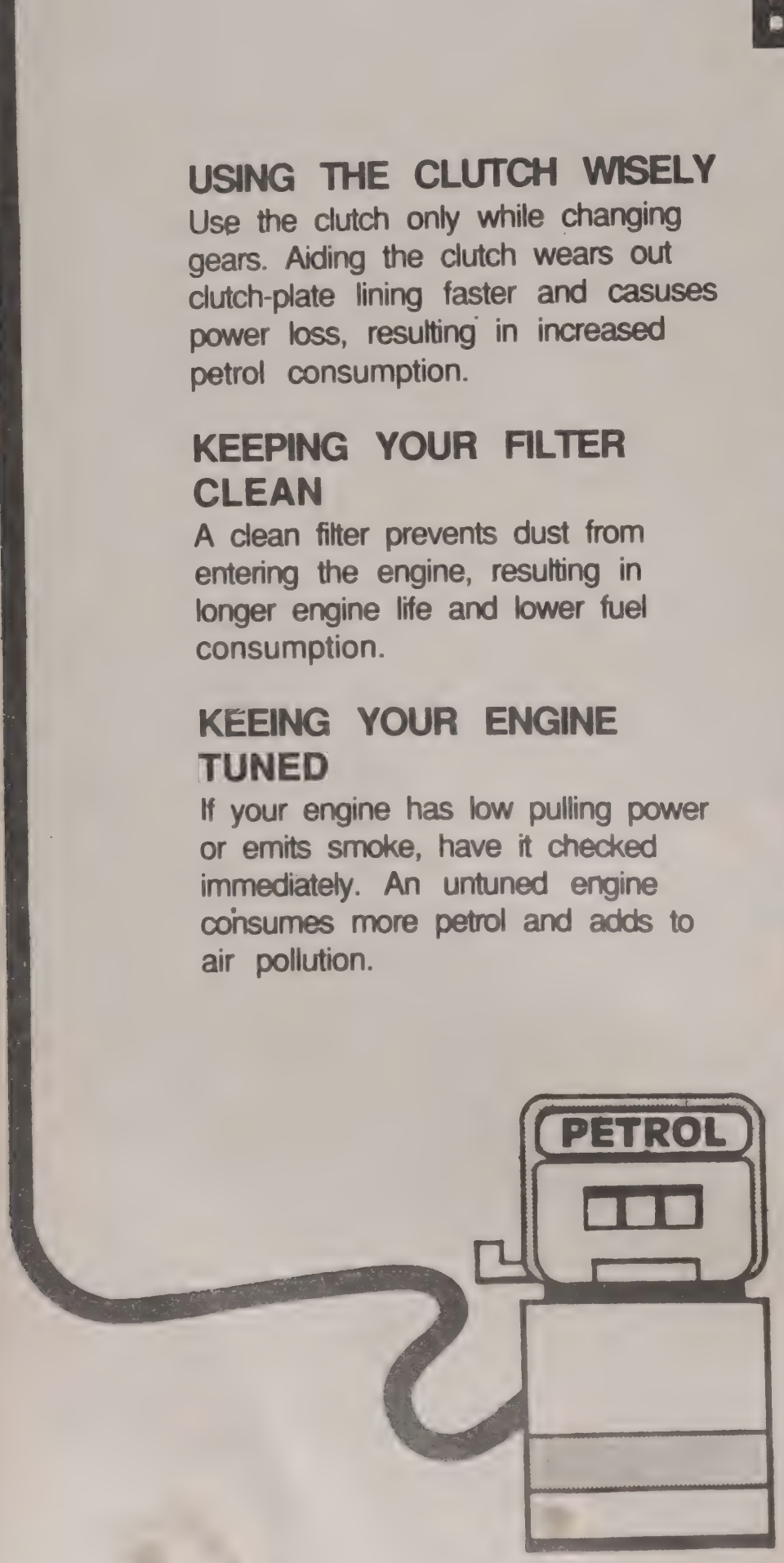
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ELP GROUPS

eeking recognition

tary agencies have organised the small workers into self help s. They now seek recognition and aid from nationalised banks

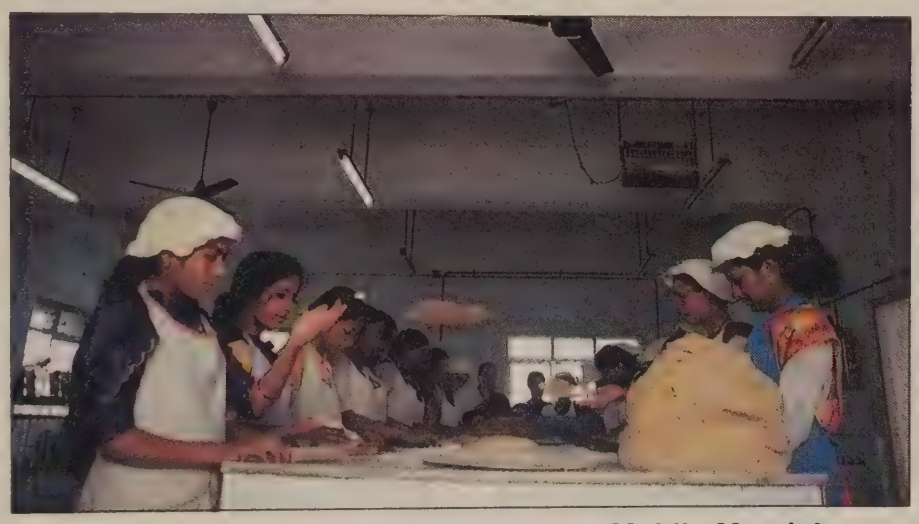
can banks channelise money for poor? One possibility would be ognise small self help savings and to make them eligible, as a for credit from nationalised

mibai, 42, lives in the slums in a Bombay suburb. She cooks for es who work at a textile mill. She *anawali* who earns her living by ching prepared meals male migrants in the no have left their fam- hind in the village and ying in the city mainly n their livelihood. Laxmibai needed , she would go to a lender, who charged cent interest a month. , she is part of a small s group which lends its ers working capital.

orkshop on women's s and credit, organised 23 July at the National ite of Bank Management (NIBM), brought together voluntary or- tions, researchers, bank officials, vernment and NABARD representa- "The discussion centred around quest of voluntary agencies to let lp groups get bank credit from na- ised banks, and the possibility of tary agencies getting some com- tion in money for the work that are doing," said Dinkar Rao of organiser of the conference.

ks have several social banking pro- nes, but they are faced with prob- vhile lending to the poor. The loan nts are small, identification of cli- ifficult, and repayment levels low. untary agencies have been playing le of an intermediary for social programmes. However, this is not ut related problems — the banks nonths to release the loan, there are procedures (say, in one case, 28 ures are required). As an alterna- oluntary agencies can organise self help savings groups but the money thus raised is insufficient. Hence the request follows that these groups be directly lent some money.

Three case studies were presented at the workshop, of groups that are experimenting with this concept. "In the drought zones of Chittoor, Cuddapah, Kurnool and Anantapur in Andhra Pradesh, a voluntary agency has organised thrifty self help groups. Each group has 10 members, each making a monthly contribution of Rs.10. Each month, the group meets and the total money collected is loaned to a member. By June 1991, 58 such groups were functioning," says V.C. Nadarajan, project executive, Pradhan (Professional Assistance for Development).



Midday meal getting ready at Annapurna Mahila Mandal

According to William D'Souza, project manager, Myrada (a rural development agency), "In South Arcot, Salem and Dharmapuri districts of Tamil Nadu, Tamil Nadu Women's Development Project has a programme of upliftment for 40,350 poor rural women." Myrada will identify the women clients, establish them into self help groups, organise a regular savings scheme, in addition to assisting in selection and supervision of staff. The Indian Bank has agreed to provide credit to the groups for agriculture, horticulture, animal husbandry and cottage industries. Myrada will be paid Rs.16.25 lakh by the Women's Development Project for a three-year period for the organisational work they have undertaken.

"Annapurna Mahila Mandal (AMM), Bombay has helped 50,000 women get loans of over Rs.15 crore from banks since it was established in 1975," says Prema Purao, founder of AMM. The repayment rate has been 90 per cent. "Because of problems of working with banks, Annapurna set up its own registered credit co-operative, where a woman can become a shareholder by 4paying Rs.50. We keep accounts like a regular bank. Now, Dena Bank and State Bank of India have agreed to compensate us with a two per cent commission of the repayments that we get on loans taken through their banks.

Says D.K. Jadeja, assistant general manager, Dena Bank, Bombay. "From the bank's viewpoint, we have to fulfil our targets in the social banking programmes. But we have problems in reaching out. Voluntary agencies are doing us a service by identifying clients. Plus, Annapurna is also keeping the account records of 1,000 women. Paying them two per cent makes economic sense."

There are several similar groups also engaged in such activities that have been unable to get bank support. Banks, however, have a problem. Most self help groups are not registered. What securities should be provided for against such loans? Also, the legal angle: who is responsible when only three persons of the group repay?

Banks are interested in lending to self help groups. First because it is cost effective, second, it increases their savings, and since the loans are linked to personal savings, repayment possibilities are high. Senior NABARD officials attending the meeting indicated that policy changes to allow lending to self help groups are under consideration.

■ MIRA SAVARA

GKB OPTHALMICS

The vision of success

A commitment to quality has enabled the Gupta brothers to make their lens-making company a formidable player in the field

When you come across a company with prestigious foreign collaborations, that manufactures optical lenses, markets them all over India and exports them virtually worldwide, it is something of an eye-opener. That is precisely what GKB Opthalmics have achieved. From their nondescript beginnings of manufacturing in a residential garage, GKB now own industrial units in Goa and Agra, with marketing headquarters in Bombay. In the process, they have achieved a respectable sales turnover of Rs.7 crore.

Like many good stories, this one too has a beginning that is as interesting as it is inspiring. In a reminiscent mood, K.G. Gupta, chairman and the driving force behind GKB, goes back to 1960 when the decision to start out "on his own" was resisted by his father, a salaried man. "Business meant all manner of risks and dealings that to a salaried person seem unnecessary and highly insecure."



K.G. Gupta: no looking back

But once the decision was taken, there was no looking back. So Gupta, just out of college, and his elder brother pooled together their resources of Rs.15,000 each and set about looking for ideas. They hit upon optical lenses. Why lenses? No specific reason, except that Gupta's brother had once worked in a lens factory in England while he completed his insurance training.

With the true spirit of entrepreneurship, the two brothers set about doing their utmost to make their business a success. "We set up base in our home town Agra, where we had a house. We bought a couple of local machines, employed five workers, got blank lenses fabricated in Delhi and started production in our garage. Only to find out that whatever my brother had learnt in England was of absolutely no use, because our machines were elementary, the workers were untrained, and we ourselves inexperienced," recalls Gupta.

But what is entrepreneurship without hurdles? Undeterred, the brothers took on an acquaintance who knew a little about lens-making and cutting, and went about getting orders. Those early days included going around to opticians with brief-case in hand and gratefully getting orders for Rs.100 or more.

"One of the most important lessons we learnt during this period was that we could not sacrifice quality at any cost," says Gupta. "We spent a lot of time and effort on making sure that our lenses were as perfect as possible. We imported expensive raw material from England even though cheaper material was available elsewhere. We checked and checked for scratches and flaw evenness. The outcome of this we were more expensive than petitors. Which meant that it much more difficult to get orde

Despite a slow start, GKB ca associated with quality and thi years secured for them foreig orations that kept them ahead.

first ten years, growth was ver Says Gupta: "During this time, I ally visited numerous opticians the country. I found that peop unconcerned about lenses. The they chose was more important lens they bought."

The first breakthrough came when they heard that someone i bay had imported a lens-m machine, but was not using it a looking for a buyer. The decision that machine was their first majo ware investment.

The Guptas used to employ ha ting techniques, which involved a coarse abrasive between the

d the lens. There was always a ity of human error, and conse-, rejection and wastage. The es, on the other hand, were ed with diamond cutting tech- Layers of glass were peeled off ly, precisely, allowing no flaws. GKB was assured of the quality re so insistent on. "We were con- that our product was truly the laims Gupta. "We went out with d vigour. This time we found a stomers who even today stock KB lenses."

as Gupta says, the marketing ms did not end GKB lenses were o expensive, and as worse was that tomer had no way owing why and ne lens was better nother. Opticians, convinced of the , were unsure sales and there- eluctant to stock lenses. Disheart- y the domestic re- , and goaded by father, they set sights on foreign , and gunned for s.

alls Gupta, "My ip abroad cost me gering Rs.20,000, we could ill afford se days. I simply d a bag of samples lew to Saudi Ar- checked into a ho- ked for the addresses of the local ans, and landed at their doorstep my wares. I had no contacts." He nbers being all but thrown out of a because of an earlier unpleasant ex- nce an optician had had with er Indian supplier. "I kept my showed him my lenses. Today, so years later, that optician stocks GKB lenses."

at first export trip brought in or- worth $8,000. After that, they con- ated on exports. Every trip saw new ries coming into their fold. Soon had buyers from the Middle East, ar East, France, England, Austra- d the US. In 1979, the Guptas got the ultimate honour — the CAPAXIL Award for excellence in exports.

Subsequently they began to streamline their operation. They were exporting so much that they decided to set up a 100 per cent EOU in Goa. "People thought we were crazy to set up this unit without having any assurance from our foreign buyers. But we were confident of our product," says Gupta. Nor did the product fail them.

Within no time, the Guptas had not only begun to repay the loans they had taken, but their exports, at Rs.3 crore, had begun to account for a sizeable portion of their turnover. "It was our father's dream coming true," says Gupta. "It was now time for us to realise his other dream — that of having GKB outlets all over the country. People abroad knew us so well. We felt that it was time people in India knew us as well."

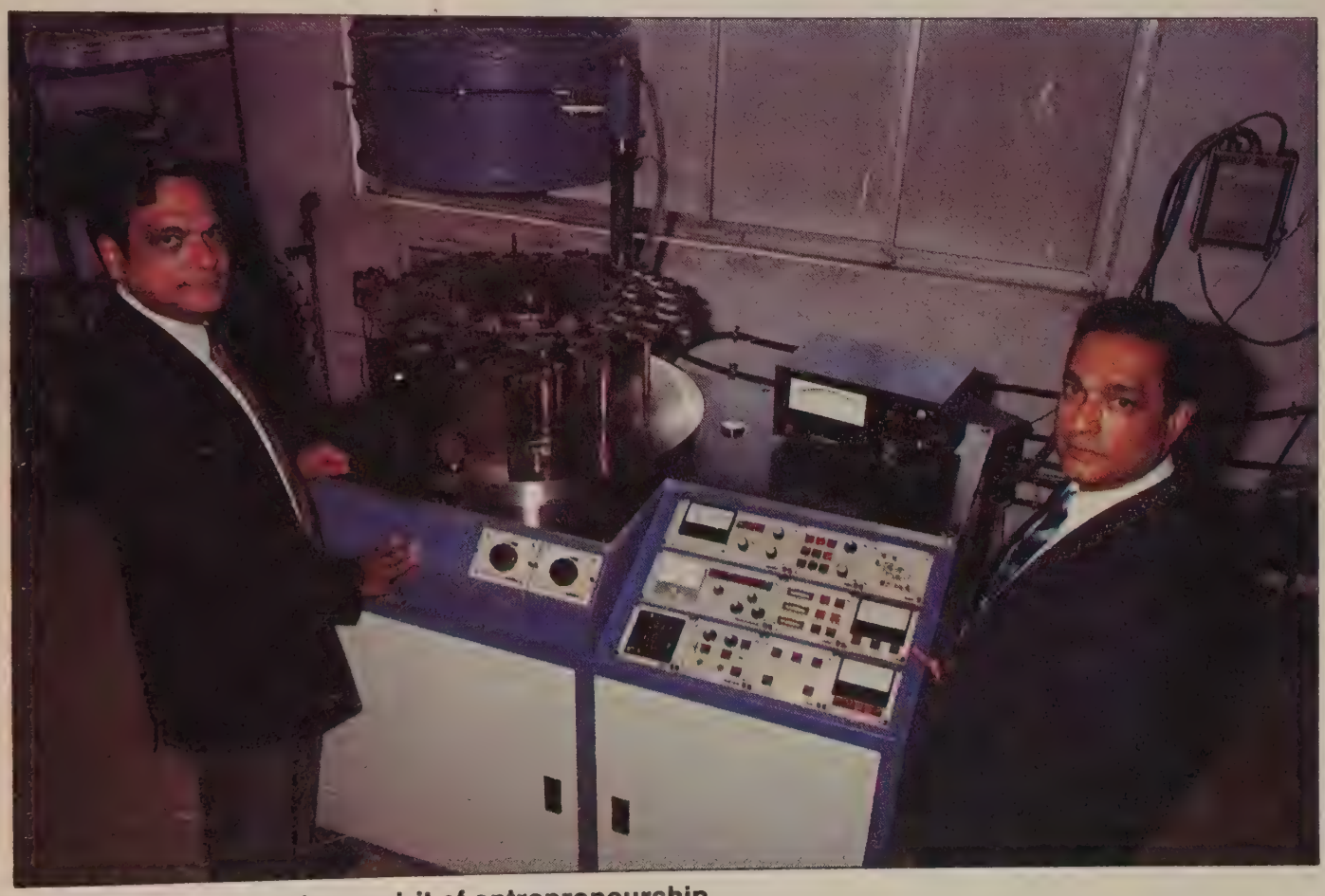
It was as much with a view to educating customers, as realising a dream, that the Guptas started their franchising operation called GKB Eye Care Centres. Here, customers are not only offered check-ups, but also advice from optometrists on the best type of spectacles and frames for their particular needs. "Customers need to be told what frame is suitable for them; the frame has to be fitted right, and there must be the right follow-up."

The eye care centres also solved another marketing poser that GKB faced — that of assuring the customer that for the price he was paying, he was indeed getting the genuine thing. "Till now, people have only been told about the frame. At GKB Eye Care Centres they are told about lenses. They now have a way of checking what they have got," says Gupta.

It was not just quality that GKB came to be associated with; it was also variety. And this came in the form of their collaborations with Corning and later Essilor of France. Today, GKB is able to offer customers a variety of lenses to choose from — ranging from the most common single vision lens to Varilux Multifocals (without the bifocal demarcating line) to non-reflecting lenses that are thinner and lighter.

What of the future? Further collaborations are in the offing. And many expansion plans, both in the domestic and export markets. So, a few more eye-openers can be expected from the Guptas.

■ SONIA MEHTA



The Gupta brothers: true spirit of entrepreneurship

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ESTMENT

hy India must move fast

ake more than just announcing a liberalised economic policy to merican business to India

3rd-floor office of Shreedhar on, deputy president of the an Express Bank, at the World al Centre in downtown Manhat- w York, exudes a distinctive ura. It is from here that Menon he international business of the ecides on investment policies and s whether India can ever become omic giant. When *Business India* last month, he had just returned Washington after a marathon g with the Indian ambassador ussein. The subject of their dis- : how to get the American indus- gernaut rolling into India.

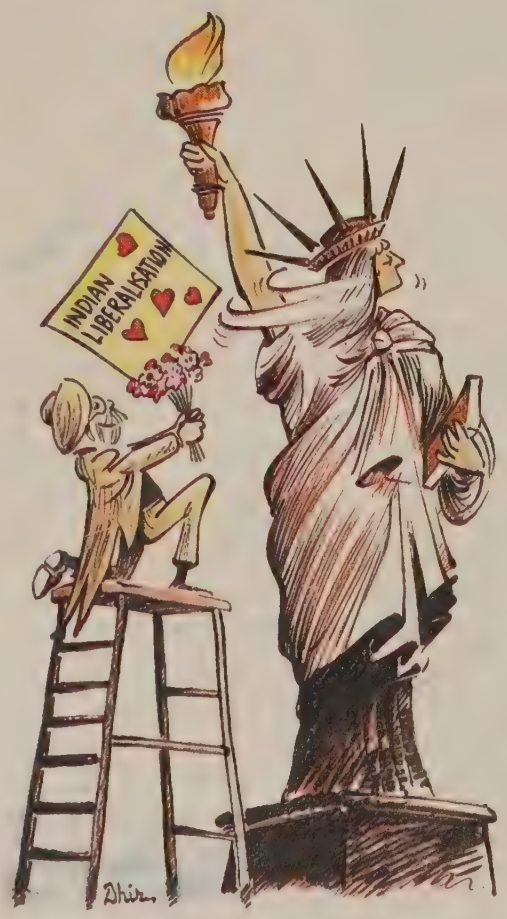
nwhile on the west coast, in Palo the heart of Silicon Valley, a orporate lawyer Fred Greguarez wick & West is also trying to fig- how to lure his clients into the pened Indian market.

Menon and Greguarez, like others, confront the same a. Is the Indian government ? Will the recently announced s be implemented? Or, will the ment go back on its word as it has the past? Important questions to which there are few answers. ndian government has to take se- ction to make increased invest- a reality," says Menon.

sh Chugh, managing director of w York-based Morgan Guaran- st, says there is a "guarded enthu- in the US regarding the major sation effort in India. Even Rajiv a, president of the New York r of the Indo-US Chamber of erce and a partner in the law firm uf, Lamb, Lieby & MacRae, feels hanges in India might be too little o late". Khanna's firm deals with JS corporations and advises them nt ventures across the world. His t target? No, not India, but the Union.

t year the Soviet Union received n investment totalling $40 billion ared to a mere $120 million that flowed into India. Even countries like China, Malaysia, Thailand and Nigeria managed to get many billions. Where lies the problem then? According to Khanna, the major issue is that the "Indian government feels it is the privilege of the investor to invest." American business has a divergent view. Why should they, while being wooed by many others, decide to come to India, asks an investment expert on Wall Street?

The Indian government has few answers to that question. According to Menon, "inward looking self-reliance has left us behind". Add to that the fact that most American businessmen are remarkably ignorant of India and you have a pot-pourri of reasons why Americans are not coming in in a big way.



However, says Chugh, US corporations like IBM, Coca Cola, DuPont, Ford Motors, Motorola, AT&T, Harris Corporation, etc are extremely keen on tapping the Indian market. In the time it takes to get their proposals accepted, they can have joint ventures in other countries fully operational. Moreover, India's bad image, carefully constructed over many years, leaves little ground for optimism. Menon cites an instance. When American Express wanted to computerise its activities in India, it bought the hardware in the US and shipped it over. This was specifically done to prevent eyebrows being raised at the Reserve Bank over outflow of foreign exchange. Despite this precaution, it took nearly six months for the equipment to be released.

The US administration too, while welcoming the reforms as "promising", feels that until the policies are implemented their impact will not be felt. According to a senior official of the US commerce department, India is seeking capital when there is very little available. Moreover, as the international economic and trading system has shown some ageing, irritants like restrictions on the operations of foreign banks, insurance companies and the entire services sector needs to be opened up. "India will not benefit by being part of a regional trading bloc," says the official. However, he also strikes a note of hope in India today exporting a greater diversity of products. He thinks high technology areas hold much promise; Hewlett Packard and Digital coming to India being examples.

The Silicon Valley Indian Professionals Association (SIPA), too, feels high technology can be tapped for joint ventures and much needed capital. Its president, Prakash Chandra, however, says some issues need to be first sorted out, like "changing the role of India's customs department from that of policing to promotion", providing better telecom links and allowing electronics

companies access to areas different from the ones they invest in. He cites the Chinese, who allowed NEC, Japan to sell telecom equipment in China while requiring them to set up a state of the art fabrication plant for making integrated circuits for export.

The fact that the changes in India have not been well publicised is also proving to be another deterrent. Says Somshankar Das (a former IAS officer and director, industries, in Maharashtra), now settled in San Francisco, "It will take months to educate people in the US about the potential of the Indian market." But while India is asking for technology, money and market access and industrial transplantation, it is offering little in return. Das asks why the consumer electronics segment should be treated as lousy technology and need licences for foreign participation? Worldwide, this is the segment which has given birth to the rest of the electronics industry. According to Das, the only way "India can benefit is by hanging on to the coat-tails of international companies," and not by rejecting them.

But major bottlenecks persist in promoting India as a point of investment. While it is fine to harp about NRI investment, nobody realises that at least in the US this group does not have access to large sums of money. For other investors, India is low on the list of recommended countries for investment. The Geneva-based World Economic Forum ranks India 10 in the list of ten developing nations where government policies favour investment and growth. Investment promotion organisations like the India Investment Centres, specially the one in the US have failed to change this image. The officials there waited for people to inquire rather than go after them.

What the government really needs to do is to target specific centres and companies. For a start, it could open promotion offices in Silicon Valley, Tokyo, Munich and Taiwan, places from where investment can be garnered, says Chandra. But it has to first implement its policies if it is to move really fast. Can India do it? is the question being asked in the US. Unfortunately, the sceptics outnumber the optimists.

■ RAHUL SHARMA
in San Francisco and New York

Networking Europe

The French Groupe Bull, the Italian Olivetti and the German Siemens have decided to join hands in a pan-European computer project. The first joint venture of such major proportions, the European computer manufacturers have signed an MoU to jointly design and set up a computer network for the entire continent. The system of large computers connected by telecom links is to provide an information technology infrastucture as well as give a boost to Europe's ailing computer companies beset by the ills of falling sales and increased competition. The trio, however, has yet to get approval and funding from the European Commission which proposed the project some years ago. American firms, including IBM, are the other contenders.

Scuttled shuttle

Northwest Airlines' plans to operate Trump Shuttle, the New York shuttle service owned by Donald Trump have run aground. Northwest had reached an interim agreement with Trump's bankers, headed by Citicorp, to operate the shuttle for ten years for a fee, but the baggage handlers and workers' union differed with Northwest about acceptable labour contracts. Donald Trump, who had borrowed $135 million from banks to buy the shuttle, was willing to transfer control. This would have freed the troubled millionaire from his debt to the banks, and was a part of the plan for restructuring his disintegrating empire. The banks, however, are hoping for other parties to come forward to take over the Shuttle.

The chips are down

The Silicon Valley semiconductor giant, Intel Corporation is expecting bad times. Third quarter earnings will be below expectations. Intel, whose quarter earnings were $650 milli till now escaped the ill effect weak economy and the uncerta the computer industry. This q though, heavy price discounting markets of standard memory ch personal computers, micro cont and PC platforms has affected ea adversely. Intel's share pric by 12 per cent in response t news.

Changing colours

Colgate-Palmolive has anno another major plan for restructur part of the changes which have bee ing place over the last few years plan, however, requires the compa pay $243 million after-tax charges, ing the company into the red for the quarter of the year. In the second ter, Colgate Palmolive had a net in of $184.6 million and total sales billion.

Colgate-Palmolive will close dow of its 91 factories worldwide, and 2,000 jobs, approximately 8 per ce its workforce. The savings from th structuring will generate resource new product launches.

Hatchet job

The British aeroengine group, Rolls Royce is set for a further trimmimg exercise. Around 3,000 employees were made redundant in the first part of 1991, and another 3,00 4,000 are due to go next year. The will bring the total workforce dow 26,000, at a time when Rolls Roy fiercely competing with American f General Electric and Pratt and Whi for declining defence spending. In aviation too, Rolls Royce recently long-time customer British Airway General Electric. BA opted for Ge Electric engines for its new flee Boeing 777 twin jet aircraft.

ill the confederacy work?

a man as ambitious as Mikhail geyerich Gorbachov, the greatest to retaining political power is the olved question of legitimacy. He ved the Union of Soviet Socialist blics, the heirs to the Tsarist Em- and replaced it with a nebulous of republics. Despite his glorious to Moscow after the collapse of y's most inept putsch, the peoples former Soviet Union seem wary of achov's authority. The American cal scientist Michael Mandelbaum hat no one outside the Kremlin notice of what the president says or

rbachov's rival, the Russian presi- Boris Yeltsin, is one step ahead: he o the people of the federation and gave him the mandate. If Gor- v wants to exert his authority and nue building his new union of sov- republics, his first objective d be to go to the hustings. At pre- is legitimacy is based on the vote of deputies who represented the peo- f the USSR, which is now officially

rbachov was brought back to Mo- by the consent of those political rs of the republics who really do not him; in short, as the republican cians do not trust each other, and of the 14 republics have faith in in, the only way out of the dilemma to put Gorbachov back in the nlin.

ke Gorbachov or not, neither the les of the "Soviet Disunion" nor leaders have any one of stature to h him at home or abroad. But Gor- ov must go to the polls, if he wants mandate to push through his new ederacy. To avert disaster he will to act swiftly. Already with the de- of central authority, the republics created a situation not unlike oslavia's prior to the outbreak of ilities there. Said the Ukrainian er Leonid Kravchuk: "There is a that a (central) government is being ed by representatives of the (Rus- republic."

rong-arm methods are instruments of power for Boris Yeltsin. His aptitude for sensing the mood of a situation helped him act with Cromwellian audacity. But with success and obvious worldwide media attention, this burly Siberian might go one step too far. Yeltsin's outburst that Russia would reserve the right to claim territories with large Russian populations in other republics have angered many.



Gorbachov: must go to the polls

There is no way of reverting to the status quo prior to Tsarist and Soviet Russification. It would be sensible if the republics accepted this historical fact and moved forward, instead of reverting to ethnic squabbles.

Unlike China's Deng Xiaoping, Gorbachov firmly believes that personal liberty precedes economic liberalisation. Well and good, but he should realise that political success goes hand in hand with a stable economy. In this field the president of the "Disunion" has demonstrated no workable concept. His idea of competitive state-run enterprises has proved a dismal failure. With no proper incentive for profit-sharing at factory level, the state-run industries continue making massive losses, producing substandard goods and pleading to the central government to bail them out. This Gorbachov does in good socialist manner: he increases the circulation of printed money.

When US president George Bush was asked why he did not intend to pour vast sums of dollars into the Soviet basket, he replied that he did not know whom to give the money to and for what. Though Gorbachov now also, like rival Yeltsin, pronounces liberalisation as the path to recovery, this catchword has not attracted many investors from the West. Unless Gorbachov takes radical steps to curb inflation by cutting back on subsidies, which permeate every walk of Soviet life, there can be no definite move towards monetary stability.

Furthermore, denationalisation of state-run industries would put 30 per cent of the workforce temporarily out of jobs, and this, coupled with a cut-back in subsidies for food and clothes, would bring the enraged and impoverished people out on the streets.

If this former socialist giant wants economic success, then it will have to start from scratch. It will require the West's technical assistance in every commercial and industrial sector. It will be no easy task to convert 300 million citizens of a system that never grew up understanding competition and profit, or what it means to be a shareholder.

It is now left to Gorbachov and the leaders of the republics to build a workable confederacy. Mandelbaum foresees that "on constitutional issues, political passions and economic good sense may prove to be at odds with each other: if so, and if modern history is a guide, politics is likely to prevail."

■ KAI NICHOLSON

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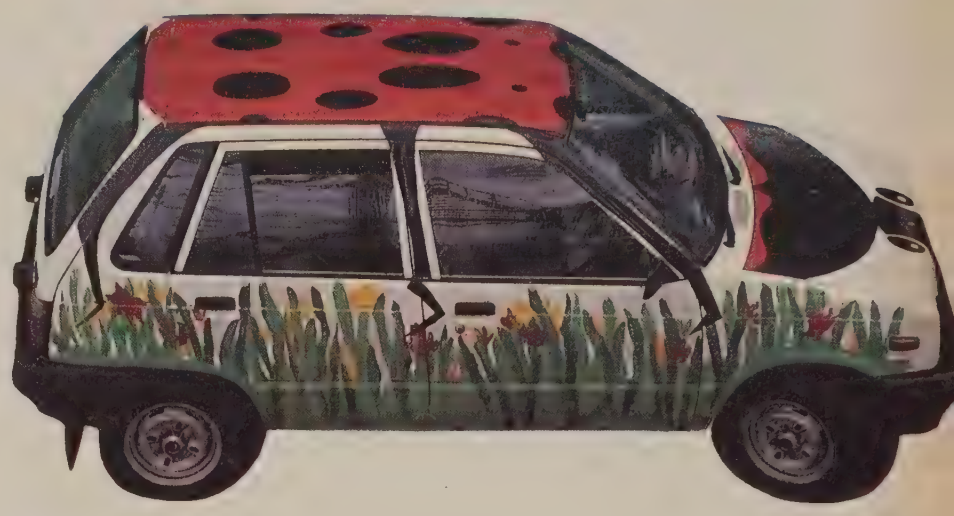
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nanging lanes



utomobile industry is the turbine which s the economies of many countries wide. But not in India. Strangulating rnment controls over the last four des has made sure that its true potential ver realised. Despite the constraints,



interesting new possibilities, and the industry is also showing signs of responding well. In this survey, which is the first of its kind we look at various aspects of the Indian automobile sector — including those concerning future prospects, technology and most importantly exports, which increasingly looks crucial for its growth and prosperity.

ever, the industry is 0,000 crore strong today. a is the world's largest ducer of tractors and e-wheelers, and the ond largest manufacturer vo-wheelers. But on the le, we are nowhere near g among the top mobile producing ntries of the world. blems, particularly those cerning technology, are pervasive. The new ustrial policy has, vever, opened up



Export is the key

On 14 September 1991, at Paris, the $300,000 Bugatti EB110 was unveiled amidst spectacular media attention. The $50-million project to relaunch one of the world's most coveted automobiles — Bugatti — was born of a passion. It may not eventually make commercial sense, yet, Romano Artioli persisted against all odds, putting in much of his hard-earned money into his company, Bugatti Automobili Spa.

Helping Artioli's dream come true were the best-selling Japanese car in Italy, the Suzuki SJ410/SJ413 (the importing and distribution of which he had undertaken), and Italy's latest rage, the Maruti 800. His income from the non-refundable booking deposits against Maruti is to the tune of $18 million. Belying earlier hopes of about 3,500 car sales in Italy for 1991-92, Italian car buyers have taken quite a fancy to the little Maruti 800, some 12,000 enthusiasts putting in a non-interest-bearing deposit of $1,500 each to importer Artioli's Autoexpo Spa, to secure delivery.

Maruti's success story has been the same everywhere. France is planning to purchase over 2,000 cars this year, having bought 2,800 Marutis to date. Hungary will add 13,200 cars to its existing fleet of 3,000 Marutis. Poland will take almost 5,000, and Yugoslavia another 9,000! In total, 33,000 Maruti 800s will go to Europe this year, and 2,000 more to other Asian countries, Africa and Australia.

Maruti Udyog Ltd (MUL) expects to earn over $110 million (almost Rs.300 crore) for 1991-92, the largest ever by any single company in the automobile industry, beating erstwhile export leader Telco. But MUL's imports being considerable, the net foreign exchange it may earn will amount to only a few crore, Telco officials point out. (MUL puts it at Rs.34 crore).

Telco exported 3,052 trucks and buses in 1990, an almost ten per cent increase over 1989. During this financial year, Telco's foreign exchange earning for export of vehicles and spares is expected to be Rs.200 to Rs.250 crore, ensuring that Telco remains the largest net earner of foreign exchange amongst all Indian automobile companies. Most of Telco's exports are directed towards the Third World, though now there is a shift in focus to Europe. Telco entered the export market in the late sixties when it started selling to the Third World, to tide over the post-devaluation recession in the domestic market then. In this foray, Telco's companion was Mahindra & Mahindra (M&M). M&M's earliest efforts were very productive. Its participation in trade fairs paid off, with the Yugoslavian army ordering 600 Jeeps. In 1969-70, totally 2,200 Jeeps were exported to Yugoslavia, and another to other countries. But in the seventie the domestic market boomed, exp were relegated to the background. when Iran asked for 15,000 Jeeps in form for assembly in a former GM pla the early eighties, did M&M resume exp seriously.

In 1983, M&M set up Mahindra Hell in Greece, initially to assemble Jeep the Greek army and to use it as a ma facturing base for exports to the market. Since regular duction began in 1986, " has sold almost 500 J in the UK, 400 in another 400 in Germ 250 to Spain and s to France," expl Bharat Doshi, ex tive vice-president porate affairs). M&M also been exportin South East Asian Australian markets. year, M&M's total exp were 3,693 Jeeps, up six

Automobile exports

Manufacturer	1989	
Jeeps		
M&M	3,492	
MUL	553	
Total Jeeps	4,045	
Cars		
HM	24	
MUL	2,532	
PAL	39	
Total cars	2,595	
Buses		
Ashok Leyland (11-12 t)	256	
Telco (8-16 t)	760	
Total buses	1,016	
Trucks		
AshokLeyland (12-13 t)	177	
Telco (8-16 t)	2,027	
Total trucks	2,204	
Total 4-wheelers	9,860	12
Three-wheelers		
Bajaj Auto (CBU)	2,738	
Bajaj Auto (CKD)	1,696	6
Total 3-wheelers	4,434	7
Two-wheelers		
Bajaj Auto	1,156	2
Kinetic Honda	19	
Enfield	—	
Escorts	—	
Hero Honda	77	
Majestic Auto	2,499	5
KEL	255	1
TVS-Suzuki	4,772	1
Total 2-wheelers	8,778	12
Total two and three-wheelers	13,212	20

Source: Association of Indian Automobile Manufactu (AIAM)



Photos: Hormazd Sorabjee

Nostalgia market beckons the Enfield Bullet to England



■TVS Ekos lined up for shipment to Hungary

om 1989.
pared to the 1989 figures, the jump rts of the two- and three-wheelers year 1990 are impressive — 50 per the case of two-wheelers, and 73.1 nt for three-wheelers. But these figepresent barely 1.1 per cent of the production. Bajaj Auto exported two-wheelers and 7,677 threers of which 6,102 were in CKD form. ic Auto exported 5,325 mopeds ini-motorcycles representing 7.7 nt of its total production. Kinetic eering managed to export 1,972 ds — up 673 per cent from last nascent efforts. But TVS-Suzuki pointed — merely 1,074 twoers exported as compared to 4,772 9. Factory lock-out stalled its ambiexport plans. Since April 1988, TVSi has exported more than 20,000 heelers to countries as varied as ary, Yugoslavia, Mauritius, the rlands, the Ivory Coast, the Mal- Tanzania and Senegal. According manager (exports), M.G. Vidyadhar, ast another 30,000 should leave shores within the next two years.

ilar optimism was expressed by aj Munjal, managing director of Motors, a division of Majestic Auto nd makers of the Hero Puch minicycle. A state-of-the-art design, the Puch, industry experts believe, has derable export potential, especially e high-volume EC market. Spain's st two-wheeler manufacturer, Derbi, believes so, and has decided to im,000 Hero Puchs in the coming year, marketed as Derbi in Spain, and as or Puch in other markets.
rope seems to be the destination of of the two-wheeler manufacturers , Enfield India Ltd and Kinetic Engi- ng Ltd included. Everybody is think- n terms of exports seriously. So are ndian component manufacturers, exports growing at the rate of almost er cent per year for the last five years figure of Rs.240 crore for 1990-91. it is being realised that the Indian abile industry is perhaps a leader in ng foreign exchange.
l now, India has been a net importer automobiles and components. ther it be in technology, quality or e, our automobiles have just not ched Western products. This image lem was compounded by a lack of idence and desire to export on the of the Indian manufacturers. And as nsider puts it: "With the monopolistic situation at home, we were forever chasing demand."

Many myths have been created by the industry — myths that say that Indian vehicles are priced too high, that Indian vehicles are not exportable, that the industry suffers from uneconomic scales of operation, that technologically our products are too behind the times, that the size of our domestic market is inadequate...

Devaluation has put paid to the first myth — today most Indian automobiles are highly price competitive. As M.G. Vidyadhar of TVS-Suzuki points out, TVS mopeds go for $245 f.o.b., as compared to French rival Motobecanes that sell for anything between $700 to $1,500. The Maruti 800's export price is about $3,200 (Rs.83,700) whereas a Suzuki Alto car retails for £5,600 (Rs.2,35,200) in the UK (and this price makes even our Rs.2 lakh Maruti 800 look good). The French retail price for the car is about 38,000 francs, and the 800 undercuts rivals Fiat Panda and the Yugo 45 by around 2,000-4,000 francs.

Uneconomic scales of operations no longer apply to many segments of the Indian automobile industry. The two-wheeler segment can use this excuse no longer, nor can tractor manufacturers. M&M is one of the larger manufacturers of cross-country vehicles, making thrice as many as Steyr-Daimler-Puch's production of the Mercedes-Benz G-wagon and till recently, more than the production of Land Rover of the UK. And Telco is one of the world's top ten largest manufacturers of medium and heavy commercial vehicles.

Economies of scale has been made possible by the burgeoning domestic market, especially in the case of two- and three-wheelers, tractors, cross-country vehicles and commercial vehicles. Even the car market is large enough to justify economical production scales for at least two distinctive model ranges, the Maruti 800 being a case in point.

With a production volume of 100,000 per year of the Maruti 800 and the Omni (with whom it shares components), MUL can competitively price the car for the international market. Matters are helped further by the labour cost factor of barely two per cent in the price of the car. As MUL's managing director R.C. Bhargava has repeatedly pointed out, the labour cost for the same car in Japan is 12 per cent of the cost of the car, despite Suzuki's worker productivity being twice that of MUL's. This is cited as one of the reasons why Japanese and other major car manufacturers are moving further upmarket, steadily vacating the bottom end of the market to South Korea, Malaysia, Taiwan and others.

Interestingly, MUL's export drive is a fairly recent effort. When the joint venture began in 1983, exports were last on the

agenda. In fact, while negotiating for a collaborator for the newly-formed public-sector company, attempts to find a partner who would export came to nought, and eventually it was decided to abandon the stipulation of a buyback clause.

MUL's export urge came about with the realisation that the way "the balance of payments situation was developing, MUL had to go in for exports in a big way," explains Bhargava. The company has been, over the years, accused of being a major drain on foreign exchange with imports since the joint venture costing the country an estimated half a billion dollars! Collaborator Suzuki has realised that for future growth via new products into the Indian market, some amount of foreign exchange earnings are politically expedient.

Also, Suzuki Motor Corporation, due to quota restrictions, had withdrawn its small car, the Alto, from the European market, to shift its thrust to the larger models. And MUL has taken good advantage of this.

MUL's export experience, aided by collaborator Suzuki, contrasts with that of other Indo-Jap ventures. Unconfirmed reports say that both the Honda collaborations have had problems in exporting their output, as have the others. In the case of Escorts, the Nandas have openly expressed their unhappiness at not being able to export the Yamaha RX100 due to restrictions imposed by its collaborator. Interestingly, Yamaha does not even have a stake in Escorts; the collaboration is purely technical.

Escorts, wisely, has chosen BMW as its new collaborator for a project to make a new BMW-designed motorcycle. Planned exports are for 32,000 bikes out of a total production of 100,000 annually. Obviously, such a project will be a net earner of foreign exchange to the extent of Rs.100 crore. Similar tie-ups are in the offing, like that of Hero Motors with Derbi of Spain.

Two-wheeler manufacturers who made the earliest attempts to export were Enfield India Ltd and Bajaj Auto. Enfield's attempts to send its bikes to the UK, despite early enthusiasm, fizzled out, partly thanks to its importers Slater Brothers and later, Evesham Motors. But Bajaj Auto was very successful. Bajaj scooters and three-wheelers were well received in the South East Asian markets. Exports went up rapidly, peaking at 40,000 units in 1980 — 12 per cent of India's total two-wheeler production that year. Since then, both in absolute terms and percentages, there has been a rapid decline. Bajaj has been knocked out of contention by a Japanese re-entry into the scooter segment, with decidedly more modern products.

The company that renewed efforts early was Enfield. Credit must also go to Enfield's importer in the UK, Raja Narayan. Single-handedly, Narayan relaunched the classical Enfield Bullet 350 in the UK market in 1986, and the Bullet 500 in 1990. This year over 1,000 Bullets should leave our shores for the UK, France, Italy, Spain, Belgium, Holland, Germany, Australia and New Zealand.

Enfield, through Raja Narayan, is also exporting the Explorer as the Zundapp CS25 speed-limited version, with a pedal start and hand shift. Exports have been averaging about 700 per year and Enfield hopes to touch 850 units this year. Also, 600 of the company's Silver Plus have been exported to Surinam.

Obviously, the encouraging results of India's limited automotive export drive throws up certain possibilities. There is scope to export some of our old-technology products to the niche markets as th surgence for classics ensures a demand for the Enfield Bullet and hindra Jeep. The Ambassador, the olde dame, may also find a few b with a passion for nostalgia, in the

The Bullet and the Mahindra Jeep appeal to the bottom rung of the sized motorcycle and off-road ve markets respectively, as do mo India's 'modern' offerings, the Marut and the TVS, Kinetic and Hero mo The main market for these is Eu where consumer preferences are no similar to that of India's.

More than three-quarters of wheeler buyers in Europe purchase smaller displacement machines of than 50cc to 125cc. In Italy, for insta 86 per cent of two-wheeler purchases in the less-than-125cc category. Big b like BMW and Ducati sell in very small mbers of 25,000 and 8,000 per yea spectively. Thus, most of Ind production is similar in size configura to that of European demand.

In the moped, scooterette and sco segments, technology is not highly vanced, and consumer requirements for reliability, finish and aesthetics easily attainable by Indian manuf turers. Dimitri Korres, a Greek importe two-wheelers, says: "Indian two-whee seem to be very reliable. But finish aesthetics need a lot of improvement given these, Indian two-wheelers car world-beaters."

Europe, which imports more t 750,000 two-wheelers every year, is tentially the single biggest target mar though margins may be lower and market more competitive. South E Asia, the Middle East, Africa and L America, despite lesser sales poten are fairly lucrative as margins can higher there and selling easier. The N American market, the second larg after Europe, is at present out of reach it is into bigger vehicles.

But for the tyre manufacturers and components industry, the US represe the single biggest export market. The b of MRF, Ceat and Dunlop tyre exports to the US for the truck tyre replacem market. American trucks still use cr ply tyres, a technology now superce by radials.

Most tyre manufacturers are fore exchange neutral, and some, like C are planning major export thrusts. cording to P. Majumdar, vice-presi (technical) of Ceat, "To put up a ra

Two-wheeler production/sales/exports worldwide in 1988

Country	Production	Sales	Exports	Exports as a % of production
Japan	2,945,618	1,753,875	1,264,853	43
France	311,462	331,860	135,492	43
West Germany	50,030	151,609	23,998	48
Italy	899,513	461,877	172,000	19*
Belgium	42,053	50,933	26,722	62
Netherlands	18,500	79,460	6,578	36
Spain	328,056	344,519	127,000	39*
Austria	23,049	27,025	19,749	86
Czechoslovakia	168,633	NA	134,323	80
Yugoslavia	68,563	45,746	22,363	33
India	1,547,966	1,529,454	6,291	0.4

* These are figures for '87 as '88 figures exclude motorcycle exports.
Source: World Motorcycle Facts and Figures (1990) by Honda.

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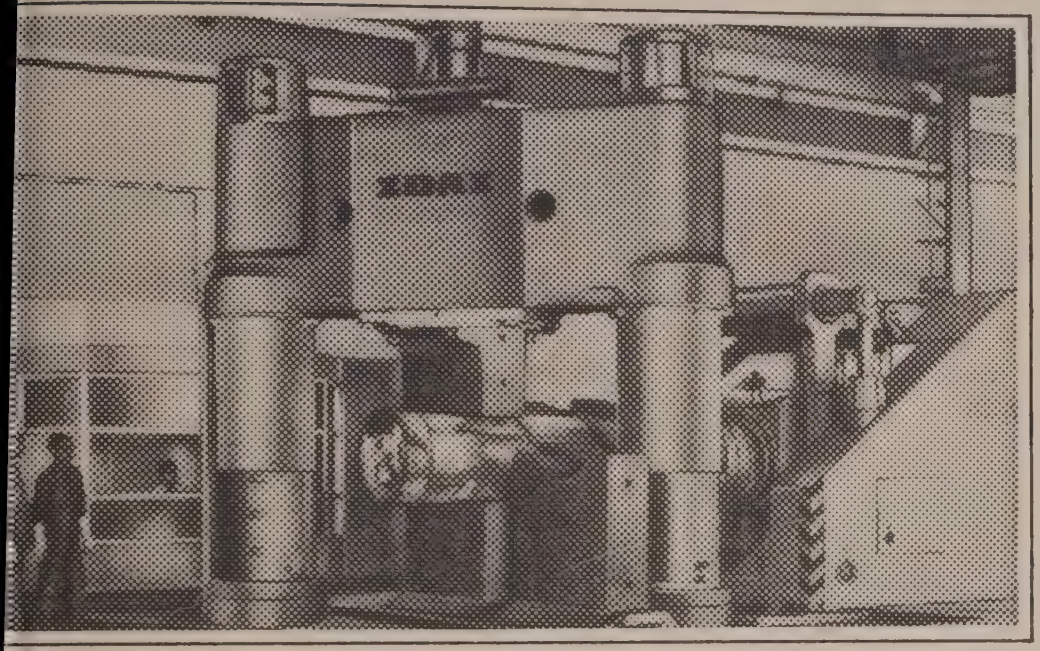
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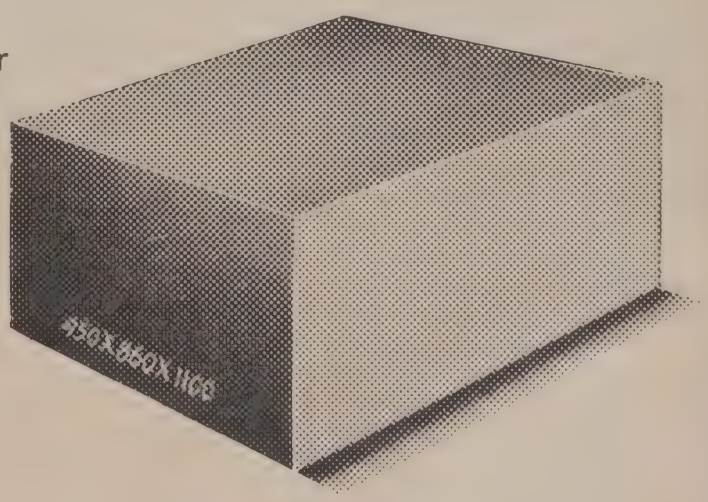


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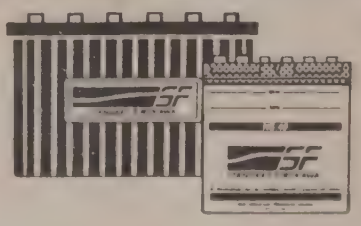
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ive component exports from developing es 1980-87 *(US $ millions)*

	1980	1985	1987	Percentage change 1980-87
	63.3	62.9	67.2	6.2
	NA	424.6	1500.0	—
	20.6	6.0	NA	—
	0.8	1.8	2.2	175.0
	20.5	93.0	181.0	782.9
	2.7	3.7	5.7	111.1
	NA	499.0	1000.0	—
	7.4	10.0	15.9	114.9
	30.3	20.9	NA	—
	6.6	66.0	130.4	1875.8
	82.6	78.5	98.4	19.1
na	94.7	345.6	618.3	552.9
	9.3	11.4	21.3	129.0
	0.3	4.4	19.1	6,266.7
	43.0	65.5	71.6	66.5
	72.1	48.7	49	−32.0

rt Advantage, by Export-Import Bank of India

plant, the economies of scale volumes which the domestic nnot take. So, we will have to east 50 per cent of our produc- able to justify our Aurangabad vestment." He also points out ts, to date, have been mostly a activity, "just to make your an- t look good, or to ease govern- earances. The attitude will have e — we must be able to export and with a long-term ve."

otive exports must contend with nal expectations that are differ- ocal requirements. For instance, dian consumer, the mileage on a tyre is most important, so dials are two-plies. Whereas, in rip, roadholding and handling important, which are possible mono-ply radials. Hence, the the Dunlop and Ceat radials fit- e export Maruti 800 might earn a e and hurt future export pros- these companies. MUL's export at present, do not justify the in- for a mono-ply pattern (appar- has readied a mono-ply steel- dial for the 800).

, the UK, France, Germany, Aus- e Middle East and South East e been identified as principal for the components sector, placement, though an increas- ing number of Automotive Components Manufacturers Association members have begun to export to OEMS.

A case in point is Bharat Gears Ltd — a German ZF-collaborated project. With exports at Rs.10 crore — 16.7 per cent of the turnover — the company's biggest customer is Dana Corporation of the US. The company makes a family of heavy duty truck axles, over 100,000 sets of which have been exported to Dana, which in turn, supplies aggregates to truck manufacturer Navistar Corporation. B. Shankar, vice-president (marketing and exports), explains that "Our main competition was from South Korea. But competitive pricing, along with quality, ensured our getting the order."

Says B.K. Shankaran, assistant director, ACMA, "The most serious problem faced by exporters is that they pay higher prices for their imports than their competitors abroad." Recognising the importance of raw material imports, the government allows exporters to import them, but the exporters find the red tape highly obstructive.

ACMA has identified the US and Europe as the two thrust areas and export targets. The US imports over $20 billion (Rs.500 billion) worth of auto parts on an annual basis and Europe's share is Rs.70 billion. The major supplier of auto parts is Japan, with the other leading players being Brazil, South Korea, Mexico and Taiwan. India's share is only marginal.

During the eighties, some countries of the Far East and North Africa, and Portugal recorded spectacular growth in component exports. Taiwan increased exports from $95 million to over $600 million, South Korea from $2 million to $180 million and Portugal from $7 million to $130 million during 1980-87. Taiwan's component exports grew 60 times, Portugal's 19 times, and South Korea's eight times in one year!

Between 1980 and 1985, India's exports went down in dollar terms, but since 1985, have grown at about 25 per cent per year. The assessment in many quarters is that, perhaps, India is missing the bus, though ACMA estimates that component exports could touch the Rs.500-crore mark in 1995, and Rs.1,000 crore by 2000. Various associations and bodies, including Exim Bank, have identified components as the more important thrust product for exports, but industry experts believe vehicular exports can yield larger sums eventually. Components are too low-valued to generate large figures, whereas CBU and CKD exports of automobiles make more sense. If MUL manages to export the 70,000 cars it plans to, by the mid-nineties, more than Rs.600 crore can come from just one company.

As per the estimates made by the Association of Indian Automobile Manufacturers, prior to the recent devaluation, the Indian automobile sector would be foreign exchange neutral by 1991-92, and by 1994-95 foreign exchange positive by over Rs.700 crore, if imports other than raw materials are considered. Unfortunately, steel imports constitute a substantial sum and taking this into account would change the estimate to over Rs.400 crore forex positive by 1994-95.

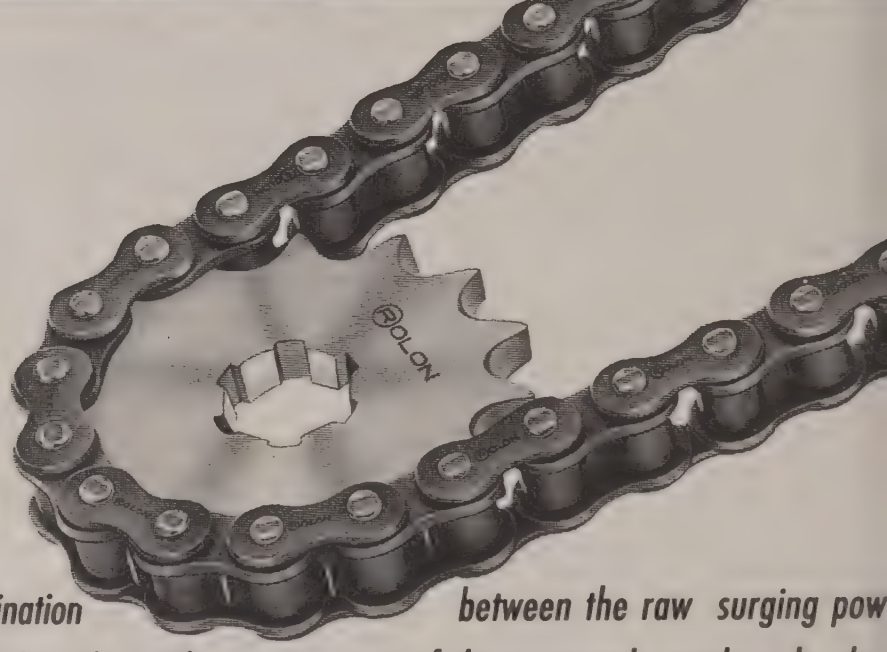
Despite being a foreign exchange user of less than Rs.100 crore (as compared to Rs.2,500 crore for the electronics industry), the automobile industry has had a raw deal as regards the new trade policy. Exim scrips are applicable for OGL items for PMP units, and for residual items for both, PMP and non-PMP units. AIAM is lobbying to get the policy changed to allow free foreign exchange for all items. The ministry of commerce recently allowed Eximscrip of 40 per cent, but with a strange rider that it would apply to vehicles that meet our fuel efficiency norms, which would affect some of our more exportable automobiles such as Telco trucks. S.G. Shah, AIAM's executive director, says, "The association finds a common denominator, despite varying interests, and is suggesting positive changes in policy with a view to the market for the next five years, both domestic and exports. We would like to work with the government to get the industry's policy tuned to that." Shah also suggests that new strategies for exports have to be worked out.

Hero Motors is a good case in point. It bought the designs to the Steyr-Puch range of two-wheelers cheap as the

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ompany decided to opt out of
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Korean automotive export was
English specialist car manu-
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e agrees there is the necessity
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xport strategy with a careful
of markets and products, sup-
an aggressive marketing ap-
proach. And the government has to play a key role in creating the right environment for exports.

The scene today

The new industrial policy has, at long last unshackled the Indian automobile sector. Manufacturing has been delicensed, though production of the vitally important passenger cars continues to be as tightly regulated as before, but even this might not last too long. But, can the industry catch up with its counterparts in the West?

At least in the short run, auto companies are not expected to do too well. During the final three quarters of 1990 and the early part of this year, a number of factors adversely affected the industry, with some of its segments taking most of the brunt. Sales of jeeps, cars and mopeds fell, compared to sales in the financial year 1990-1991, for the first time since the early eighties; there was a slow down in the growth of scooter and motorcycle sales following disturbances due to religious and political factors at home.

The situation was compounded by the Gulf crisis and repeated fuel price hikes. The price rise in petrol and diesel, the increased cost of imports due to devaluation and the cost of margin money, a hike in excise duty from 40 to 50 per cent and then to 66 per cent for cars and jeeps, and the reduction in depreciation allowed for vehicle users from 33.33 per cent to 20 per cent — all combined to affect different segments of the industry, differently.

As the commercial vehicle segment keeps growing (8.4 per cent for April to July 1991 over the same period last year), Telco marches on as impressively as ever. Gaining 11.2 percentage points in the medium/heavy sector, and 47.3 per cent in the LCV segment, Telco continues to make rapid inroads, mostly at the expense of the Indo-Japs. DCM Toyota and Swaraj Mazda lost ground, as did Mahindra Nissan and HM-Isuzu (which has virtually shut shop). Even Bajaj Tempo, erstwhile LCV leader, have had to move over in favour of Telco. Only Eicher Mitsubishi and Ashok Leyland have held their own, and shown some signs of growth.

For cars and jeeps, the scenario remains rather bleak. Though companies like Hindustan Motors (HM), Premier Automobiles Ltd (PAL) and Mahindra & Mahindra Ltd (M&M) are now making predominantly indigenous vehicles with minimal import content, all but Maruti Udyog Ltd (MUL) have lost considerable ground. R.K. Pitamber, M&M's managing director, explains that this is due to the reduction in the depreciation allowance and the restrictions on automobile purchases as institutional, specifically governmental purchases, constitute a substantial slice of the sales of all three manufacturers. However, buying the Maruti 800 still entails a waiting period of two months, says G.S. Maheshwari, MUL's regional manager (west), though the Omni will be available off-the-shelf.

The scooters segment continues to grow, with market leader Bajaj Auto topping the charts, with a sales increase of 21.9 per cent this April-July compared to the same period last year; the sales of sister organisation Maharashtra Scooters also is growing, though at a slower five per cent. Kinetic Honda Motors Ltd impressed with a 32.7 per cent sales increase. However, Lohia Machines Ltd (LML) and Gujarat Narmada Automobiles Ltd (GNAL), have declined by 43 per cent and an amazing 82 per cent respectively. The change in market share could be a reflection of changing consumer perceptions. Though Kinetic Honda has regularly increased its prices, there is still a big waiting period for this high-tech scooter.

The motorcycle segment saw a fall in demand, with market leader Escorts Ltd registering the greatest fall of over 10,000 units (19.3 per cent) for the April-July period. While sales of the Yamaha RX100 set new records, the good old rural bike, the Rajdoot range, suffered massively. Bajaj also declined, with both its M80 step-through mini-motorcycle, and the



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Bajaj Kawasaki KB100 losing
a total of 3,916. Old-timer Ideal
med to be on a permanent lock-

mpany to make the most of the
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ve growth of 20.6 per cent (46,258
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ndia Ltd, with a marginal growth
r cent on a small base of 9,377
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ds have not fared much better. As
ed to last year, market leader Ki-
gineering Ltd's (KEL) sales fell by
cent, down to 47,081 in April-July
S-Suzuki came quite close to KEL
02. Actually, KEL's fall could be at-
to TVS-Suzuki's return, Kelvina-
nti-Garelli mopeds have also lost
with sales down to 6,787 for April-
n 13,398 last year. Majestic Auto
AL) Hero Majestic mopeds suf-
milarly but the Hero Puch, manu-
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e felt with its new scooterette, the

ompany with the sunniest smile,
r, is TVS-Suzuki, up from 23,505
r to 41,202 this April-July. TVS has
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hallenge the numero uno status

ng three-wheelers, Bajaj Auto has
ed gaining ground with sales up
) to 26,225 for April-July at the ex-
of Automobile Products of India
which witnessed a drop in sales
to 2,846 units. But all in all, three-
sales went up.
automotive components industry
some of the problems of the origi-
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ly 300 units in the organised sec-
m among over 6,000 units in the
nents business) commanding al-
) per cent of the total production,
a need to structurally reorganise
gment.
ite denials, the general feeling
he trade is that tyre manufacturers
been experiencing good times,
thanks to the price cartel. Dunlop's regional manager Vijay Pahwa states that his company "in the last six months has seen better growth than in the last six years."

There has also been a lot of change in the attitude of the retail trade. Dealers have had to sit up and make concerted efforts at keeping up flagging sales. N. Dwarkanath, the managing director of one of Bombay's leading dealers, Autoriders, says "No more should dealers be considered an extension of the manufacturer's arm. They have to become the arm of the consumer."

The contradictory performances of the Indo-Jap collaborations put paid to the opinion that the Japanese "can do no wrong". And the fall of the trusted old-generation vehicles sounded the death knell of ancient technology. From now on, it's progress or bust.

The road ahead

The days of the licence raj are over. The new industrial policy has opened the doors of the automobile industry wider than ever before. But what major changes can we expect in the industry? Will there be new entrants? Will multinationals rush in to do business? If yes, what will happen to our more inefficient automobile manufacturers?

Weaned by a highly-protective regime, the automobile industry's current strengths and weaknesses are a direct result of past government policies. A brief let-up in the seventies in the close-fisted licensing policy saw some 45-odd two-wheeler companies with licences to manufacture. The intense competition that resulted put paid to the hopes of several manufacturers. Now barely ten groups/companies remain in business, namely Bajaj Auto (and Maharashtra Scooters), TVS-Suzuki, the Kinetic Group (Kinetic Engineering and Kinetic Honda), Escorts, LML, the Hero Group (Majestic Auto, Hero Honda and Hero Motors), Enfield India, Kelvinator, Gujarat Narmada and Ideal Jawa. Though the last four have considerable potential, they have been going through rough times recently and may not be around for long.

Nonetheless, by the mid-nineties, India may become the largest two-wheeler manufacturer in the world. This segment is also expected to show the biggest export-led growth. The government's attitude in encouraging competition has paid dividends, though, at a cost. However, competition casualties become acceptable when you consider that today's Japanese Big Four (Honda, Yamaha, Suzuki and Kawasaki) are the only survivors of a 50-strong field of also-rans of the early fifties.

Till about the early 1980s the jeep, car and commercial vehicle segments sat pretty in what was a fairly monopolistic situation, with only one manufacturer of cross-country vehicles (Mahindra & Mahindra), three car makers (HM, PAL and Standard Motors), two LCV manufacturers (Standard Motors and Bajaj Tempo Ltd) and four makers of middle and heavy commercial vehicles (Telco, Ashok Leyland, HM and PAL). In the early eighties,



Demand for Maruti ensure full capacity utilisation

four more Japanese-collaborated LCV manufacturers were let in. And in early 1985, one of late prime minister Rajiv Gandhi's first moves towards liberalisation was to broadband the four-wheeler segment for existing car and truck manufacturers to manufacture any four- (or more) wheeler without fresh licensing.

As indigenous capabilities were limited and most manufacturers needed a foreign collaboration to be able to make any new kind of vehicle, there were many applications for technical collaborations. All these applications were rejected, the government citing a shortage of foreign exchange for the rejection. Only Telco developed indigenously, successfully foraging into the LCV market with the 407, and now with a jeep (the Tata Sierra) and a car (the Tata Estate), based on the less successful Tatamobile 206 pick-up. Bajaj Tempo, too, entered the jeep sector with the Tempo Trax. Hindustan Motors' attempts at re-entering the commercial vehicle segment with the HM-Isuzu HCV met with failure, while the rest remained in their respective categories, unable to capitalise on the opportunities thrown up by broadbanding.

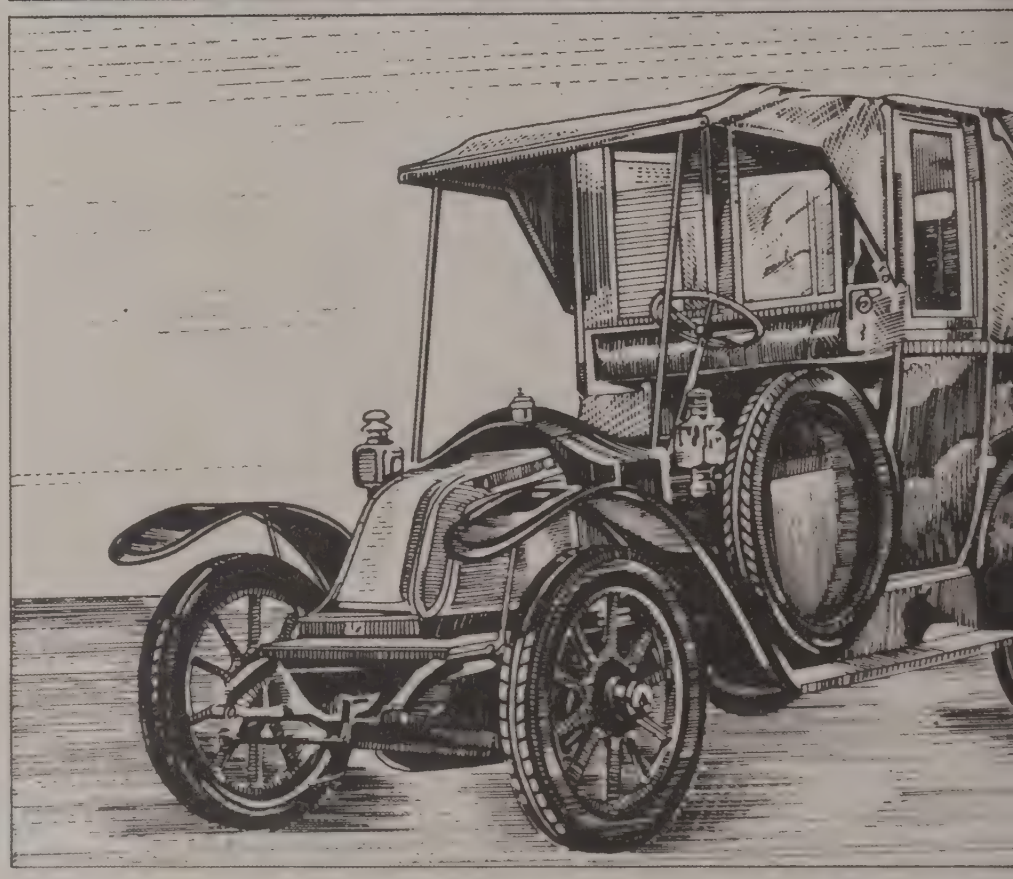
With the latest policy pronouncements, the doors to the car segment have shut tight once again. Or have they? Apparently broadbanding still holds true — there have been no announcements to the contrary. So, can anyone get down to making a commercial vehicle or a jeep and then proceed to make cars?

One unexplored niche opening up rapidly is that of the 'miniped' or moped with engines less than 35cc. Not needing a licence, these sub-35cc motorised bicycles do not come within the purview of the Motor Vehicles Act and offer a cheaper, more fuel-efficient alternative to mopeds. Though single-seaters, they are expected to fetch new users — the under-sixteeners, the elderly, the low-income group who want to graduate beyond a bicycle but cannot afford a moped and, also, those who do not want to be bothered by a licence. The current leaders of the moped market — Kinetic Engineering Ltd and TVS-Suzuki Ltd — have been the earliest to get on bandwagon. But Enfield beats the its 24cc Mofa.

Moving up the ladder (in terms gine size) in the two-wheeler seg though no new niches may be cr detailed upgradation of technolog wider model choices become d possibilities. As the moped segme minishes, newer kinds of moped other alternatives such as scoote and small-displacement motor take on greater importance. From a ket of predominantly single- mopeds, the 50cc-75cc segment w variator transmission automatics multi-speed vehicles in the gui mopeds, scooterettes (like the Sunny) and mini-motorcycles.

Market leaders, Kinetic and Suzuki, are expected to introduce n more efficient models such as the K Safari, the TVS Eko (for the domestic ket) and the TVS Champ variomatic, while market leader Majestic Au expected to make a comeback wi Austrian Steyr-Puch-derived moped

THE CHANGING FACE OF PROGR



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New growth – new thrust – new diversificat

Survey

AUTOMOBILES



Kelvinator will get its act to-
d exploit the potential of its well-
Avanti-Garelli mopeds. Escorts,
le, is expected to introduce, by
t year, its Italian Fantic-derived
nd even LML Ltd is rumoured to
dering its collaborator, Piaggio's,

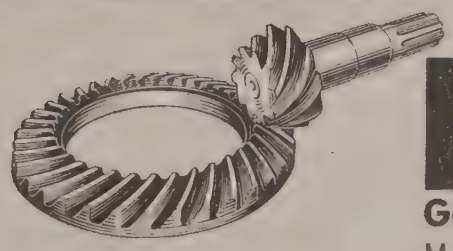
nascent scooterette segment,
o's die-hard rival, Kinetic Honda
ed to introduce its collaborator,
Tact 50cc automatic scoot-
s is TVS-Suzuki a Suzuki-derived
LML may introduce a Piaggio
tte, perhaps its latest Jap beater,
a, and news that Hero Motors is
ing the Spanish Derbi-derived
sing the existing Hero Puch en-
s already been confirmed.
ct upgradation (technologically
litatively) and more sophisticated
ng might see the emergence of
ield Explorer/Hero Puch mini-
rcle segment over the coming

er up the ladder, the two-wheeler
should see a major realignment



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GAJRA BEVEL

Gajra Bevel Gears Ltd., Dewas

M.P. 455 001

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Survey

AUTOMOBILES

■ **Clockwise, from right: Kinetic holds on to its number one rank in mopeds; the goings been tough for the Indo-Jap LCV manufacturers; the Tatamobile has spawned the Sierra and the Estate; quality, the main bone of contention between manufacturers and the components sector**

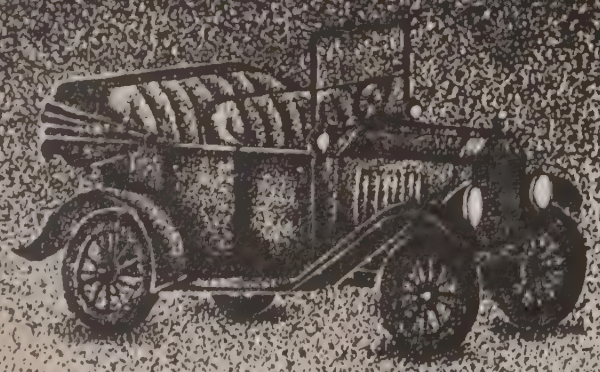


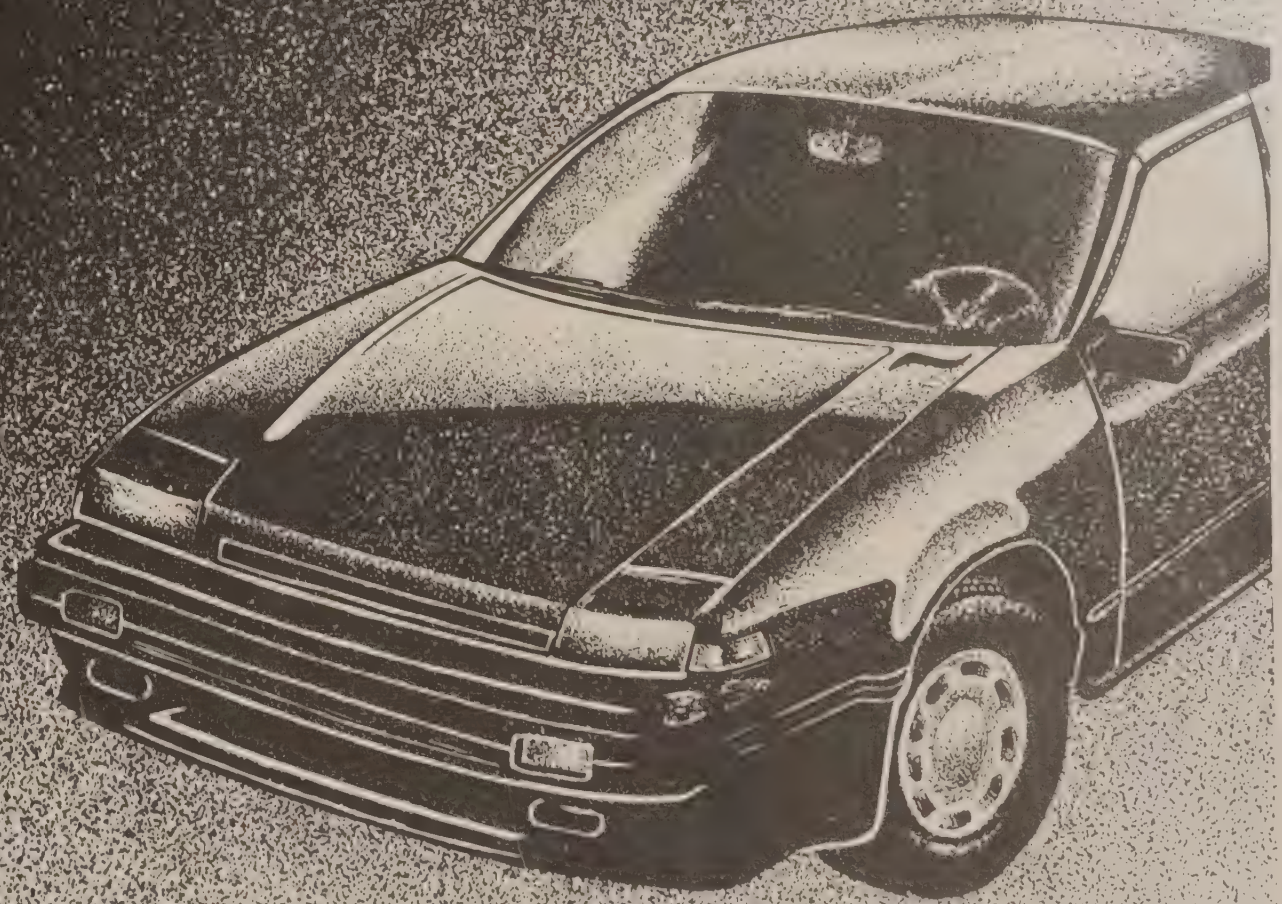




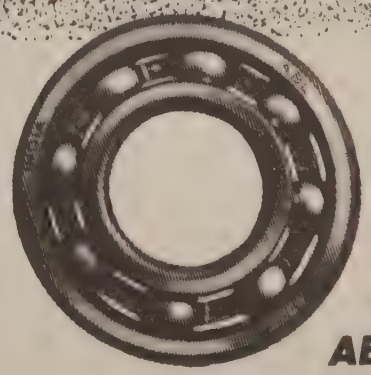


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FROM FAST LANES TO FAST TRACKS...

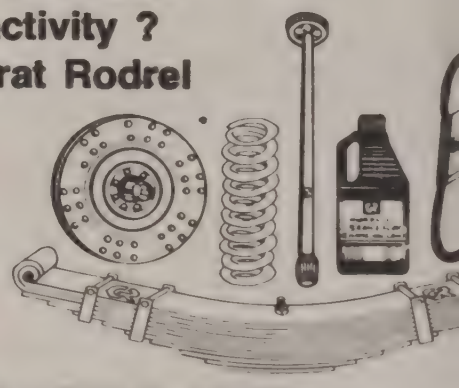
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Buy a name, buy performance

n the 75cc-200cc category. We o see more scooters of the Ki-da variety with variators and rters as standard features. Ap- TVS-Suzuki is working on along these lines, as are LML d current market leader Bajaj j will soon introduce heavily re-ooters, the Stride and the

re two distinct design directions es will take, economy and per- Manufacturers are working to-aining both poles. Bajaj Auto oped the four-stroke 4S to rival mely fuel efficient and widely-

Demand estimates for the 1990s *(vehicles in thousands)*

Years	Passenger cars	Cross-country vehicles	Commercial vehicles LCVs	Commercial vehicles M/HCVs	Total	Two-wheelers	Three-wheelers
1991-92	220	53	80	85	165	2,100	115
1992-93	240	60	90	90	180	2,300	130
1993-94	260	70	105	95	200	2,500	150
1994-95	280	80	115	100	215	2,700	170
2000 AD	450	120	175	125	300	4,500	250
Average growth rate (%) during the 1990s	9.0	14.0	15.0	5.8	10.0	9.0	14.5

** Source: The 29th Report of the Association of Indian Automobile Manufacturers (AIAM). These demand projections have been made by the sub-group appointed by the Eighth Plan Working Group on road transport for the Eighth Five Year Plan.*



ins great hopes on its Voyager

CD100 from Hero Honda and turn its non-performer, the nto a high-performance, sporty haps with a larger displacement gine. TVS-Suzuki has come out h-performance versions of its erived 100cc motorcycle, in 11.5 rsepower (bhp) and (even more ve) 16 bhp versions.

while, Escorts is expected to ex-e performance image of the RX100 with more powerful, ngined versions of the bike and is eously working on a more fuel- replacement of its ageing Ra-nge with a little help from AVL, and IAD of the UK. These efforts llowed by a BMW-designed joint A much revamped version of the Fury aimed at catering to the per-e end of the market and a new Gilera-derived bike from LML Ltd on the cards.

at Narmada Auto Ltd and LML readying rear-engined auto-ws for the lucrative three-wheeler as is API, after trailing Bajaj in the three-wheeler sweepstakes. All these rear-engined three-wheelers may be developed into personal transport vehicles (at last, a people's car?). This idea has been taken up by Kerala Automobiles Ltd in its new three-wheeler.

Maruti Udyog Ltd is lobbying for permission to make a new small car, ostensibly for the post-1992 EEC market, while Premier is updating its ageing Padmini. Hindustan Motors continues to work on improving the Ambassador. In the long term, HM has plans to revamp the Contessa's body drastically with help from General Motors-owned Lotus Cars of the UK. An even more ambitious plan is a new car altogether, made by HM with direct GM involvement in the form of equity participation. Apparently, GM is planning to source components from India — Sundaram Fasteners, who has met ISO 9000 standards, is among the earliest to have been identified — to build up an export credit to pay for the import of the required equipment and components.

M&M is introducing a new five-door ten-seater stationwagon, the Voyager, which, with its other ten-seaters, should lead to the company's resurgence. M&M also has the Peugeot 504 pick-up up its sleeve and new engines, both diesel and petrol. Bajaj Tempo is refining its Trax and is planning to slate its Mercedes-Benz-collaborated Traveller for the personal van market, while Telco is introducing its jeep, the Sierra and its car, the Estate. Telco chairman Ratan Tata has been talking of introducing an altogether new car in the Maruti 1000/Contessa Classic segment, mid-way through the decade.

New vehicle possibilities in the commercial vehicle sector include more LCVs from Telco, Bajaj Tempo, Ashok Leyland and Mahindra Nissan, with tonnages ranging from two to six. Various buses, including integral coaches, rear-engined intra-city and trailer-type may also be expected.

Buses gain special importance with projections for the year 2001 that the road-to-rail passenger ratio will increase to 73:27. The road-to-rail ratio for freight is also expected to go up: In the event of a five per cent growth rate of national income in this decade, the demand for commercial vehicles in 2000 AD could be 300,000 — more than double the current demand. Passenger cars, cross-country vehicles and two and three-wheeler manufacturers will all double production levels!

A new segment that has the potential to open up is that of electric vehicles. Kinetic Engineering's MD, Arun Firodia says, "We are working on an electric moped and we hope to productionise it soon." Incentives such as a Rs.1,00,000-subsidy and 100 per cent depreciation in the first year of operation for public limited companies might spur entrepreneurs and innovators into working towards an electric car.

All this optimism, though, must be tempered by the fact that purchasing power is still limited in per capita terms. Though a substantial percentage of our population now constitutes the burgeoning middle class, their purchasing ability remains limited. Also, 40 per cent of the total population of our country is under 14 years of age.

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he whole, purchasing power is
and the increased rate of sav-
act as a future reservoir for de-
d growth. Easier term credit
would enhance demand. And
nsumption increase, the seg-
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roduction of newer concepts
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aybe an appropriate rural vehi-
tractor-car, or an all-terrain
v), or an inexpensive personal-
-wheeler, or any other non-
but original vehicle could open
ches. For this to happen, inno-
s, design and developmental
es and brave ambitious entre-
are necessary. It's time for India
t, to step out and take oppor-
he scruff of the neck.

question of
nology

were to put an exact date to the
ning of the Indian automotive
stry, it would have to be 1953. It
n that year that the government
o allow car manufacturing pro-
n only phased manufacturing
mes. But while automotive tech-
orldwide strained itself to newer
er heights, spurred on over the next 30 years, Indian
ile technology remained stag-
lendid isolation. The lack of any
petitive threat gave local manu-
, particularly of passenger cars,
entive to improve production
es or even engage in active tech-
bsorption.
olicies of the Indian government
did not favour vehicle manufac-
the formative years; the automo-
stry was in fact treated as a low
sector. This closed-door policy,
t promoting technological self-
cy, affected every area of pro-
and pushed all considerations of
efficiency onto the back burner.
more, the absence of export in-
effectively removed the influ-
of external demand, obliging
cturers to concentrate exclusively
sfying the modest demand at

arly eighties proved to be a water-
the Indian automobile industry



The Formula Maruti: engineering skills developed through motorsport

and saw a marked change in the government's stance. This came with a growing realisation of the strategic importance of the automotive sector. Following broadbanding, the doors were thrown open once again to collaborations and the industry was injected with new technology as never before. Maruti Udyog Ltd is a textbook example of how contemporary technology provided by a foreign collaborator, ie, Suzuki Motor Corporation of Japan has helped make an Indian-made car, the Maruti 800, acceptable in the international market today.

Unfortunately, though, our indigenous research and development capabilities are still obsolete when compared with international standards. R&D in the passenger car segment, with the exception of Telco, is minimal, and except for undertaking minor modifications to existing models born out of foreign collaborations, Indian manufacturers are still incapable of designing a new car indigenously.

Still, with the spurt in competition brought about by broadbanding, Indian vehicle manufacturers have been jolted into improving their products. Hindustan Motors, secure for 30 years with steady sales of its out-dated Ambassador, has now come to realise the need to improve its work-horse; it has now pulled in Riccardo of the UK to update the car's ageing 1498cc engine and gearbox. HM's Contessa is also scheduled for restyling.

Meanwhile, the Premier Padmini, age-old rival to the Ambassador, has also undergone some changes recently, to combat competition, especially from the Maruti 800. Premier has sought help from AVL of Austria to improve its Fiat's 1089cc engine.

The commercial vehicle and two-wheeler sectors are undoubtedly far ahead in terms of their R&D. Telco is India's shining example of a technologically self-sufficient set-up that possibly houses the best R&D capabilities in the country. Since 1970, when a 15-year collaboration with Daimler-Benz came to an end, Telco has been manufacturing completely indigenous commercial vehicles that sport inhouse-developed engines, transmission and axles. Telco's R&D setup has played an important role in the success of its light commercial vehicle (LCV) range, the Tata 206 and its derivatives - the Sierra and the Estate. The latter is the first totally indigenous car produced in India.

Another company with a strong R&D base is Bajaj Tempo. This company has utilised the fallout from its current collaboration with Daimler-Benz to manufacture the Tempo Traveller, for its other products. The Tempo Trax is one such indigenously designed vehicle that uses the Benz engine as its powerplant. Bajaj Tempo's Matador has now been developed into an impressive range. According to Abhay Firodia, managing director of Bajaj Tempo, "This is a result of the synergies of all our aggregates and by using the technology bought from our collaboration with Benz."

Historically, the two-wheeler industry has never been as laid back as the passenger car industry, it being far stronger and more competitive than any other vehicle sector. Bajaj Auto, India's largest scooter manufacturer, began the manufacture of its 150cc scooter and three-wheeler, in collaboration with Piaggio Vespa. Following that, the company upgraded its scooters and effected a number of cosmetic changes to the Chetak, which saw exports. The three-wheeler

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aw was given a rear engine endent suspension. And, its unched Bajaj Sunny 50cc is a totally indigenous effort. moped market, that only really he seventies, Kinetic Engineer- ed its Luna. This was reverse- d from the Piaggio Ciao, and quently been progressively de- beralisation in the eighties saw ny buying Morini and Minarelli hnologies from Italy to power ous chassis.

S Group, initially component urers with an already existing , started production of mopeds



yura: a showcase of indigenous capabilities

w indigenous efforts, a tribute to any's active and strong R&D rrent TVS models, the Champ lko, measure up to international s. The Eko, in fact, is currently orted in large numbers.

new collaborations for motorcy- ufacture, namely TVS-Suzuki, nda, Escorts Yamaha and Ka- ajaj; only TVS-Suzuki has man- indigenously upgrade its cles, despite its foreign collab- The company has relied a great otorsport as a means to improv- performance of its production TVS-Suzuki's soon-to-be- 16-bhp Supra is a direct result s learnt from motorsport.

cant technological advances s disc brakes, monocoque turbochargers, composite and advanced electronics are ult of technical upgradations to llenges put up by the sport.

than TVS-Suzuki, manufacturers ave yet to realise the full benefits port. MRF, India's leading tyre cturer, is perhaps the most ac- olved in motorsport; the radial tyre, used on the Gypsy, is a product born out of motorsport.

The competitive environment surrounding motorsport has also helped foster brilliant engineering skills; S. Karivardhan of Coimbatore whose design and engineering skills are unsurpassed, for instance, conceptualised and designed the Formula Maruti, a single-seater racing car based on the mechanicals of the Maruti 800. Then there's Jayachandran from Coimbatore who is single-handedly designing the fully-indigenous Mayura car — a classic example of reverse engineering based on the Volkswagen Jetta.

Instead of spending foreign exchange on getting products developed abroad, the industry needs to tap indigenous talent of this sort wherever possible. However, since the Indian automotive industry does not yet possess much by way of in-house styling and design talent, and manufacturers are compelled to take their products to design houses abroad — The services of Indian design specialists like Rajesh Mirajker and Dilip Chhabria, could also be tapped at a fraction of the cost. Mahindra & Mahindra had recently commissioned Chhabria to aesthetically revamp its Jeep, with results that have been encouraging.

The tyre industry has opened a new chapter in technology with the introduction of the radial tyre. New-generation cars like the Maruti 800 and the 1000, the Premier 118NE and the Contessa Classic, have suspensions that are best suited to radial tyres.

Among radials, the steel-belted variety, which have steel belts in the carcass of the tyre, incorporate the latest technology. The manufacture of steel-belted radials is complex and intricate but has the best characteristics amongst all radials, if properly constructed. Currently Ceat and JK are the only manufacturers producing steel-belted radials for cars. The manufacture of radials for commercial vehicles is the next step for the Indian tyre industry.

In the final analysis, the technological status of the Indian automobile industry is still a long way behind international standards. R&D, vital for technological self-sufficiency is still being neglected, with Indian manufacturers, on an average, allocating less than 1 per cent of their turnover to R&D as against 3 to 5 per cent in the case of leading international manufacturers.

Foreign collaborations have undoubtedly provided us with better vehicles, some of them even measuring upto international standards. They have given us quality products that were in the realm of dreams just a few years ago. But, are foreign collaborations really the answer?

Apart from the huge foreign exchange outflow, it has been observed that most companies with foreign collaborations have relied heavily on technical assistance from their collaborators and have neglected the development of indigenous technical knowhow and capabilities (TVS-Suzuki is one exception). Hence they are not technically self-sufficient. Hero Honda, for example, was unable to restyle its CD100, and had to rely instead on Honda of Japan to design the new-look Sleek.

Buying out technology or commissioning consultancies to provide technological packages could be a practical approach to technological upgradation. A modern design may be bought outright, complete with the manufacturing process, and later worked upon, like Hyundai of South Korea does. The company purchased Mitsubishi mechanicals for a body it had designed by ItalDesign. This package was then developed and improved inhouse. Hyundai is now a healthy contender in the world market.

Industry experts believe that India should follow this example. The role of consultancies abroad has assumed new importance in the Indian automobile industry today, providing the Indian industry with the latest and most appropriate technology. AVL of Austria and Riccardo Engineering of the UK have established a strong presence in India providing technological services over a wide range.

In the long term, the Indian industry must strive to match international standards to get a toe-hold in the world market. To reach state-of-the-art levels in technology will not be possible for many years. Instead, the industry should look towards developing a simple vehicle combining aesthetics, reliability, economy and an acceptable level of finish, that also meets the basic homologation requirements of safety and emission.

■ GAUTAM SEN and HORMAZD SORABJEE

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ARKET REVIEW

rs at work

fortnight ended 20 September 1991)

	21 Sept	7 Sept	Percent change over fortnight	year
itive Index	1833.44	1811.54	+ 1.2	+32.0
onal Index	878.58	858.56	+ 2.3	+26.3
cr) fortnt. ended	228.72	277.35	−17.5	+32.1

smal inflation figures published e start of the fortnight under re- t the market unaffected. New n the Sensitive Index were on every trading day through- irst week with the index crossing 13 September. After touching me high of 1,916.79 on 16 Sep- the market subsided thereafter exchange authorities quickly trading curbs on 17 September, 20 scrips on spot delivery. There so heavy sales by the larger ors.

peaks.The peak of 1916.79 on ember was accompanied by the trading volume in the history of Daily volume (pre-adjustments) 303.39 crore, it was the first time ume had crossed Rs.300 crore. djustments for off-market trades egal) and some kerb volume, the figure will almost certainly cross crore.

ng the scrips that accompanied sitive Index to new highs were t Rs.3,900, Apollo Tyres at 50, Bombay Dyeing at Rs.345, at Rs.507.50, Century at 0 (Rs.10,150 on a cum-bonus Gujarat Ambuja Cement at

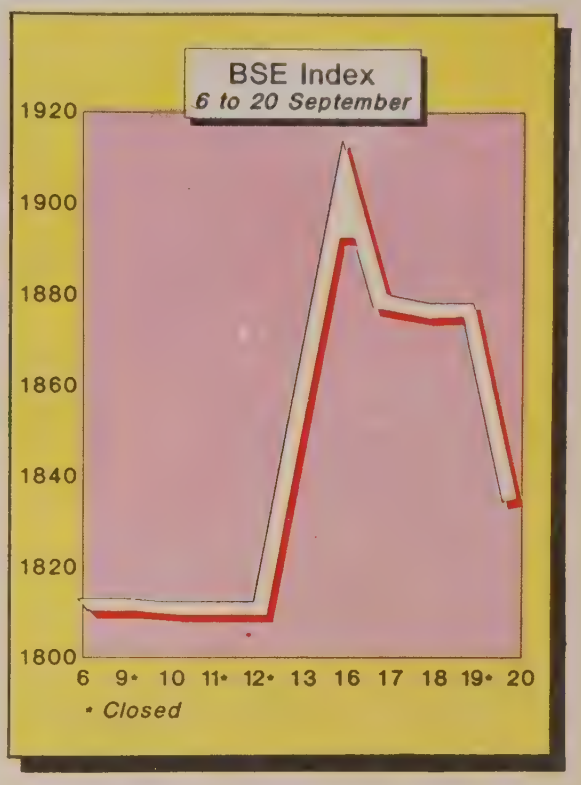
	BSE Sensitive Index
	1811.54
	Closed
	1810.71
	Closed
	Closed
	1861.74
	1912.35
	1878.55
	1876.62
	Closed
	1833.44

Rs.317.50 and Indian Rayon at Rs.269. B Group record makers included Chowgule Steamship at Rs.131.50, India Cement at Rs.350, India Steamship at Rs.32.50, Mysore Cements at Rs.217.50 and S.I.Viscose at Rs.2,100.

The preponderance of cement and shipping in the list indicates the hot favourites that made the market of 1991. However, sponge iron has turned dull with the fall in worldwide steel scrap prices leading to Essar Gujarat staying stagnant at Rs.102.50 and Bihar Sponge rising only marginally from Rs.37 to Rs.39 over the fortnight. Correspondingly, scrap users such as Mukand and Jindal Strip firmed up with Mukand rising to Rs.180 from Rs.160 and Jindal rising from Rs.335 to Rs.360. The perpetual on-again, off-again rumours of steel decontrol also helped steel makers, particularly Tata Steel which rose from Rs.234 to Rs.239.

The Larsen takeover fiasco had its repercussions in the stockmarket, the scrip falling to Rs.142 from Rs.147 after peaking at Rs.154 in mid-fortnight. The market is betting that the Ambanis are likely to lie low until their Rs.1,000 crore Reliance issue is through by November, before making their next move to control Larsen. Thanks to the strict imposition of trading curbs on Reliance, volume in Reliance was quartered to about Rs.6 crore from the previous fortnight averages of over Rs.25 crore per day.

Market declines.Market watchers attributed the decline in the market towards the end of the fortnight to profit booking by Harshad Mehta, reputedly a large trader in ACC and Century. However, this was denied when *Business India* contacted Mehta. Says he, "I am a long-term investor. We do have a trading wing which regularly buys and sells scrips on a regular basis. However, on 20 September, when the market fell



sharply, even the trading wing was not involved in any major selling. In fact, our selling orders on that day were lower than usual."

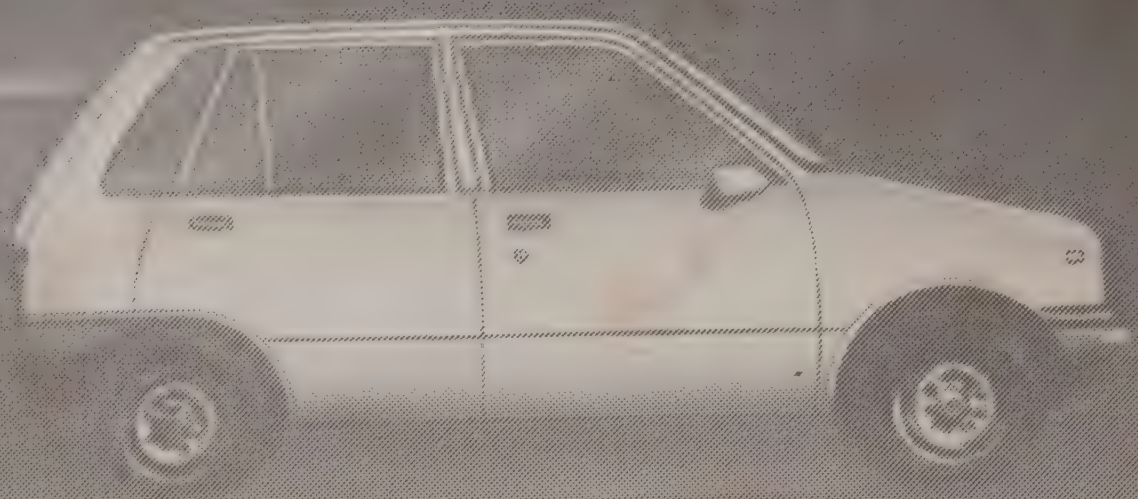
Some people certainly sold, and the list includes some of the larger speculators. Another possible reason for the decline is the proximity to the end of the fiscal half-year. Given that corporate results for the half-year might be below expectations, some profit booking was inevitable. However, the timing was a little earlier than what the market expected given that result announcements will start only from mid-October.

Government policy was stated to be the third reason. The apparent interference in the Larsen takeover could bode ill for the future confidence of markets. Its stand on reservations could also be destabilising.

With corporate performance in the fiscal year showing encouraging initial trends from half-yearly results to June and good AGM pronouncements, the market's sharp fall towards the end of the fortnight was viewed as a "healthy correction". As in the United States, where both good and bad news on the economy has, of late, caused the markets to go up (the latter because it means that the American Central Bank would probably lower interest rates), even declines can be good news for the determinedly optimistic. Nevertheless, as a result of the fall, the undertone of the market at the close of trading was distinctly weak.

■ RAFIQ DOSSANI

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f turning the corner; still to rated capacity; exports look up

Heavy Chemicals Ltd has been ws for reasons other than its as- with the Sanjay Dalmia group. n the joint sector with the Gu- ustrial Investment Corporation company makes chemicals simi- ta Chemicals' soda ash.

ugh into production since the e years, GHCL is making losses. ysts believe that the company is the corner. Its 1991 results bear belief. Whilst sales have in- by 12.65 per cent, operating s gone up by almost 21 per cent. nal analysis, the loss has been y more than 50 per cent from crore to Rs.5.10 crore. The di- report attributes the loss to the cidence of interest costs which 16.38 per cent this year. The pro- of soda ash has increased from tonnes last year to 378,000 However, the present produc- s not come up to rated capacity, r capacity utilisation being at- to the low activity of lime in the CL is remedying the situation by a new lime kiln, which is ex- o be ready by December 1991 been specially designed to effec- e smaller-size fractions of coke. e export front, the company has ccessful, having achieved an ex- rnover of Rs.6.77 crore by ex- almost 22,000 tonnes of soda ainst a total industry export of onnes. South East Asia and the East are the company's major buyers. For the current year, pes to achieve Rs.18 to 20 crore rts.

main consumers of soda ash are rgent and glass manufacturers. r, these principal users showed a rowth trend which resulted in in- g competition and higher dis- — as much as 7 per cent — were on to the distributors.

ever, GHCL's management is opti- nd expects to sustain its trend of profits. The company hopes to raw material costs by substitut-

Gujarat Heavy Chemicals *(Rs.crore)*

Year ended	31 March '91	31 March '90	% change
Sales	151.97	134.90	13
Other income	2.62	0.84	212
Raw material costs	34.01	32.43	5
Salaries and wages	3.84	3.91	−2
Operating profit	52.99	43.81	21
Interest	37.02	31.81	16
Gross profit	15.97	12.00	33
Depreciation	21.08	23.20	−9
Net loss	5.10	11.19	
Equity capital	72.00	72.00	
Reserves & Surplus	0.40	0.40	
Market price (Rs.):			
Current	24.00		
1991: High	25.50		
Low	13.00		

ing imported material with indigenous supply.

In all probabilities, GHCL which is on the turnaround track, may even wipe out accumulated losses by 1993-94.

TRENDS

Modern Suitings

From Modern Suitings Ltd's results for the six months ended 30 June 1991, it seems the company is maintaining the status quo, with only marginal increases in gross and net profit over the same period last year. Operating profits are up by 13.20 per cent, while net profit margins have increased by 21 per cent. Material costs have gone down by 4.05 per cent. Net profit margins are 7.99 per cent, as against 6.92 per cent for the same period last year. Gross profit margins, at 10.1 per cent, are slightly higher than last year's at 9.1 per cent.

The company's Rs.41.45-crore project to set up a 100-per-cent EOU to manufacture 7.2 million metres of denim was expected to commence commercial production by July this year. But now, trial production is expected to commence only by the end of September.

Modern Suitings Ltd *(Rs.crore)*

Period	Jan '91 to June '91	Jan '90 to June '91	Jan '90 to Dec '90
Gross sales	25.15	23.96	44.50
Other income	0.04	0.02	0.05
Raw material costs	17.52	18.26	34.72
Salaries & wages	0.93	0.74	1.71
Operating profit	3.43	3.03	4.93
Interest	0.89	0.85	1.27
Gross profit	2.54	2.18	3.66
Depreciation	0.53	0.51	1.08
Net profit	2.01	1.66	2.57

RESULTS ANNOUNCED

Antifriction Bearings

Sales up 23 per cent; expansions plans shape up; trend for the first five months of the current year look up

For the year ended March 1991, the company has posted a 23 per cent higher turnover of Rs.63.05 crore. However, with manufacturing and other expenses keeping pace with the increased turnover and the more than proportionate increase in depreciation and financial charges, the net profit has jumped by a mere 8 per cent to Rs.2.88 crore. According to company sources, during the first five months of the current year the company's sales are up 27 per cent.

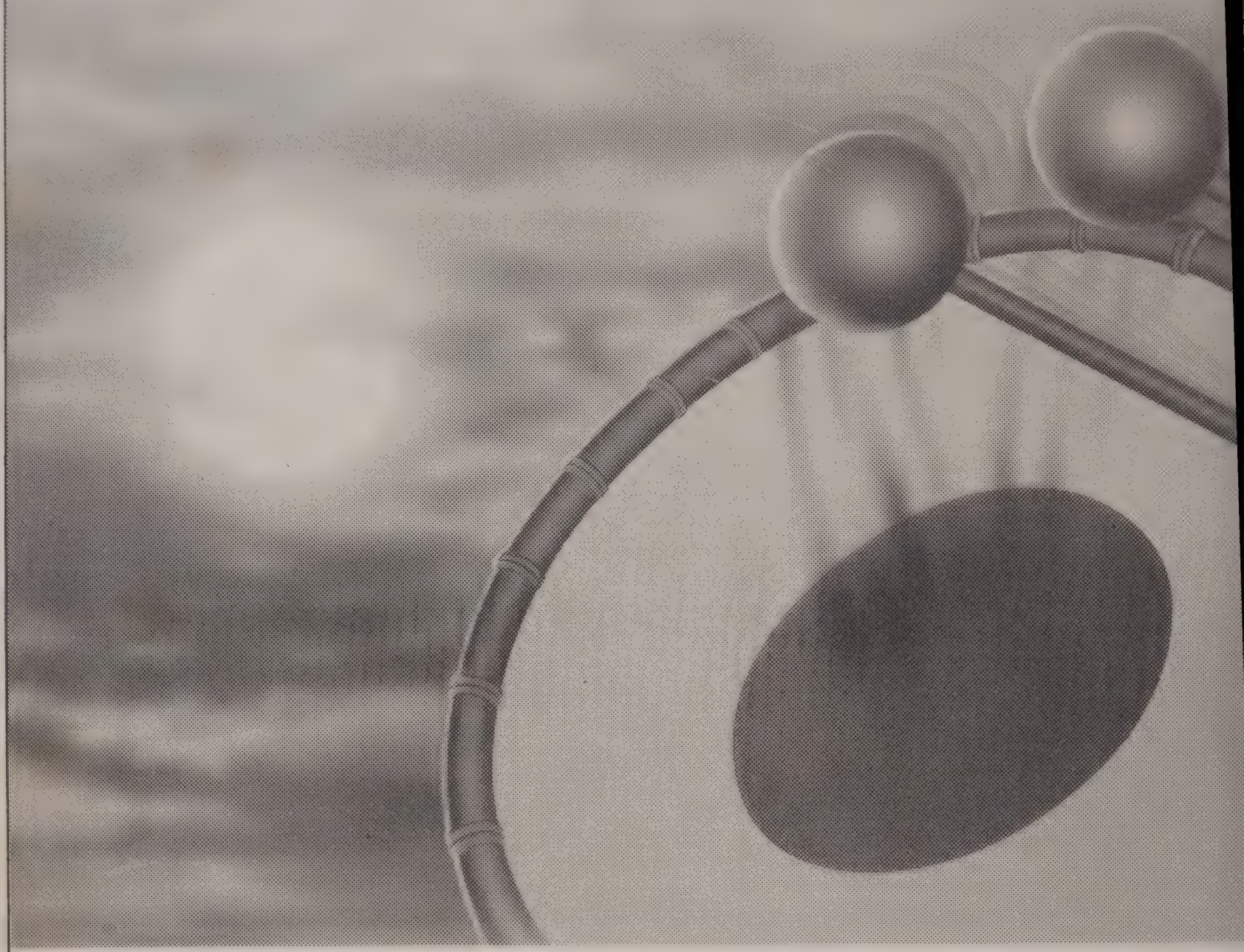
Meanwhile, the company has increased the production capacity at its Lonavla plant in Maharashtra from 1.7 million bearings a year to 3 million. Also, a new unit with capacity of 5 million bearings has been set up at Bharuch in Gujarat at a cost of Rs.20 crore.

IN BRIEF

Goa Electricals and Fans, a joint-venture company set up by EDC of Goa and Crompton Greaves, has reported a turnover of Rs.5.37 crore, netting a profit of Rs.12 lakh for the year ended March 1991.

The Rs.50-crore Hyderabad-based **Satyam group** is setting up a software technology park as a 100-per-cent EOU for exporting software. Towards this, Satyam Computers, a group company, has signed an agreement with John Deere & Co of the US to tie-up exports.

WAKE UP TO A NEW FORCE IN FINA



Shriram. The name that's upfront in truck financing now teams up with the giants in road transport industry: **TELC Ashok Leyland.**

An association born out of their participation in the recent Convertible Debenture Issue of Shriram. A Group th grown remarkably in a matter of just nine years. More than Rs.80 crores of deposits with a **net increase of Rs. 24 in 1990.** Rs.100 crores of stock-on-hire with nearly 100% recovery rate. And a nationwide network of 55 offices

And now, this association with **TELCO** and **Ashok Leyland** means a lot more.

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SHRIRAM GROUP COMPANIES MADRAS

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Admn. Office: Mookambika Complex, 3rd Floor, 4 Lady Desikachari Road, Mylapore. Madras 600 0
Corporate Office: 'Shriram House', 10 Kasturi Estate, Madras 600 086.

SHRIRAM CARE, NOW STRONGER THAN EVE

ort Metallizers

n and paper that Uvifort Metal- d plans to produce will be used lexible packaging industry for pouches, packets and sachets. npany intends to market its pro- rectly to manufacturers of pro- foods, *pan masala, zarda,* tea, condoms, shampoos and toilet

tilayer laminated films are today ed over conventional packaging l such as tin, glass, jars and bot- ney are cheaper, reduce transpor- ost and storage space," explains Kumar Jhunjhunwala, managing of UML. Again, flexible packag- gained popularity due to its in- features like ability to block re, oxygen and carbon dioxide ; to aroma retention and ed product shelf life.

ort Metallizers	
opens	: 3 October 1991
f the issue	: Rs.10.72 crore
dian public	: Rs.3.46 crore
ment	: Equity shares of Rs.10 each
oters	: Vinod Jhunjhunwala and Vimal Kumar Jhunjhunwala
ct	: Setting up a plant for the manufacture of 3,200 tpa of multilayer, metallised, coated and laminated printed film and paper
ct cost	: Rs.28.74 crore
location	: Waluj, Aurangabad
g	: Calcutta, Bombay, Delhi, Ahmedabad

ording to estimates, the market d by end-user industries for mul- laminated films and co-extruded s expected to be around 16,900 s by 1994-95 as against the in- l capacity (including future pro- under consideration) of 20,125 s. "Changing lifestyles and west- fluences have contributed to the growth in demand for the conve- foods and to that extent the pro- cessed food industry has been booming," adds Jhunjhunwala.

So far, the company has commenced trial production for metallisers, slitters, coaters and laminators. "For the year ended March 1992 (consisting of six months) UML will clock a turnover of Rs.18 crore. However, in the subsequent year, the turnover at 100 per cent capacity utilisation will be Rs.38 crore and the gross profit is expected to be around Rs.6.5 crore," adds Jhunjhunwala.

Mansarovar Beverages & Industries

Originally incorporated as Mansarovar Beverages Ltd in July 1987, the company was renamed in April 1989 to reflect the proposed project for manufacturing coated triplex board.

Both promoters, S.C. Agarwal, chairman and Dinesh Chand, managing director, are businessmen with interests in varied industries like agro-food products, lease finance and *kattha* (coir) products.

Mansarovar Bottling is engaged in the manufacture of soft drinks under a franchise agreement with Parle (Exports) Ltd. Listed on the Delhi Stock Exchange it quoted around Rs.21 in early September 1991.

As per the information in the prospectus, Mansarovar Beverages and Industries Ltd has not earned any income since incorporation and accumulated losses are around Rs.2.4 lakh.

Under the present project, based on indigenous technology, MBIL will produce triplex coated board — a paper board of higher grammage consisting three plies bonded without adhesives.

According to the promoters, recycled waste paper will be the basic raw material. However, to maintain quality, provision has been made to produce long fibre pulp from hessian, rags, cotton cuttings, etc, the company also hopes to supplement the above with imported bleached chemi-thermo mechanical pulp.

Plant and machinery, which constitutes around 37 per cent of total project cost, is to be obtained indigenously. The company hopes to commence trial runs in November 1991 and go ahead commercially soon thereafter.

Mansarovar Beverages & Industries	
Issue opens	: 8 October 1991
Size of the issue	: Rs.6.89 crore
To Indian public	: Rs.3.78 crore
Instrument	: Equity shares of Rs.10 each
Promoters	: S.C. Agarwal, Dinesh Chand and Mansarovar Bottling Co Ltd
Object of the issue	: To set up a plant for the manufacture of coated triplex board, installed capacity 10,000 tpa
Cost of the project	: Rs.11 crore
Plant location	: Bijnor, Uttar Pradesh
Listing	: Bombay, Delhi, Calcutta, Ahmedabad, Kanpur

Coated triplex boards are resistant to oil, grease, water and as such are used in consumer products like pharmaceuticals, cosmetics, etc. Triplex boards laminated with food grade foils can be used to package edible items. According to the prospectus, the growth rate for paper boards is estimated at 8.5 per cent per annum and the projected demand for 1994-95 is 320,000 tpa against availability of 296,000 tpa.

MBIL's project is being financed through 63 per cent equity capital and the balance through rupee term loans.

Welspun Polyesters

Welspun Polyesters Ltd (WPL) is an existing company. It established a yarn texturising unit at Palghar, Thane, way back in 1986, with one machine of 216 spindles capacity. In March 1989 an identical unit with the same capacity was set up at Silvassa. A year later, the company's polyester filament yarn (PFY) came up at Achhad, Thane.

For the recently concluded year ended March 1991, WPL posted a 58 per cent higher turnover of Rs.30.25 crore. With profit after tax placed at Rs.1.37 crore,

100% EOU for the manufacture of Opthalmic Resin Lenses.

Guaranteed buy back of 50% of installed capacity.

Production expected to commence by February, 1992.

Technical & Financial Collaboration with VESIL spa of Italy.

Cost effective human resources gives us an edge over international competitors.

Could any investor ask for more?

Public Issue of 35,00,000 Equity Shares of Rs.10/- each for cash at par.

ISSUE HIGHLIGHTS

- Project promoted by a group of NRI professionals from USA.
- 100% Export Oriented Unit.
- Buy back agreement entered into for 50% of installed capacity.
- Hard Resin Ophthalmic Lenses, a modern, superior substitute to glass lenses.
- Consumer product with patented technology.
- Global demand for the product is estimated at 374 million pieces by the year 1993 and is increasing at a rate of 13% p.a.
- Cost effective manpower gives an edge over international competitors.
- Technical collaboration with M/s. VESIL spa of Italy, who have developed and established many patented proprietory processes to manufacture hard resin ophthalmic lenses.
- Equity participation by foreign collaborators.
- Equity participation by LIC and SBI Mutual Funds.
- 80M, 80L and Wealth Tax benefits.
- Listing at Hyderabad and Bombay Stock Exchanges.

Risk Factors: (1) Raw materials are imported. (2) Escalation of 5% to 7% in the project cost is likely due to recent rupee devaluation.

Perception of the Management: (1) Company's requirements in foreign exchange for import of raw materials would be about 17% of export earnings. (2) Recent rupee devaluation and trade policy of Government of India would enhance the Company's earnings and profitability.

**If the Company does not receive the minimum subscription of at least 90% of the issued amount, the entire subscription will be refunded to the applicants within 90 days from the closure of this issue. If there is a delay in refund of such amount by more than 10 days, the Company will pay interest @ 15% p.a. for the delayed period.*

ISSUE OPENS ON 9TH OCTOBER, 1991

Lead Managers to the Issue

CANBANK FINANCIAL SERVICES LTD.
F D Khan Building, Abid Road,
Hyderabad 500 001.

SBI Capital Markets Ltd.
202 Maker Tower 'E',
Cuffe Parade,
Bombay 400 005.

TECHTRAN 100% EOU POLYLENSES

TECHTRAN POLYLENSES LIMITED

Registered Office: Flat No.9, IV floor, "Topaz", Amrutha Estates, Punjagutta, Hyderabad 500 482.

World Class Technology. Worldwide Demand.

oun Polyesters	
pens	: 7 October 1991
the issue	: Rs.2.70 crore
ian public	: Rs.2.56 crore
nent	: Equity shares of Rs.10 each at a premium of Rs. 5 per share
ter	: G.R.Goenka group
of the	: To finance expansion
ion	: Rs.6.10 crore
ocations	: Silvassa, Dadra & Nagar Haveli and Achhad, Thane
	: Bombay, Ahmedabad, Calcutta, Jaipur,Delhi

ıpany increased the dividend by nts to 14 per cent. WPL's current visages increasing its capacity for l texturising it at Silvassa and .. This will be done by inducting a n-Teijin Seiki draw twisting e, which will take the capacity up 200 tpa to 3,500 tpa.

ntran Polylenses

ın Polylenses Ltd (TPL), promoted K.V. Rao and Krishna Dev Rao, the second company in India to project to manufacture hard re- naimic lenses. Set up in technical nancial collaboration with VESIL aly, the technology is the state-of- finish casting of hard resin lenses. is superior to the conventional nished casting technology and in- a patented monomer preparation , a patented mould assembly and ng process," says K.V. Rao. VESIL supplying the main plant and ery and TPL hopes to commence rcial production in February The resin lenses are lighter, shat- of, can be dyed and tinted in var- shades and even reduce the ce of cataract.

, enthused about the business cts states that hard resin mic lenses are fast replacing con- al glass lenses in Europe and the th the demand for resin lenses growing by about 13 per cent per annum. He also stated that the project was more lucrative in the Indian context as there was a tremendous saving in labour costs. According to Rao, while labour costs in the US were $12.5 per hour they work out to a mere $0.7 in India.

Techtran Polylenses	
Issue opens	: 9 October 1991
Size of the issue	: Rs.6.73 crore
To Indian public	: Rs.2.91 crore
Instrument	: Equity shares of Rs.10 each
Promoters	: K.V. Rao and Krishna Dev Rao
Project	: To set up a 100 per cent EOU to manufacture hard resin opthalmic lenses
Cost of the project	: Rs.18.42 crore
Plant location	: Medak, Andhra Pradesh
Listing	: Bombay, Hyderabad

TPL's plant will have an installed capacity of 2.5 million pairs per annum. Rao expects capacity utilisation of 65 per cent in the first full year of production, 1992-93. As per the prospectus, TPL has already entered into a buy-back arrangement with VESIL whereby the Italian collaborator will pick up 0.5 million pairs in the first year. The contract is renewable yearly. Another Italian firm, Margi has also contracted to pick up 0.5 million pairs. The management is confident of obtaining foreign buyers for the balance and projects a turnover of Rs.10.5 crore with a net profit of Rs.90 lakh for March 1993.

On the raw material front, TPL will have to import all major items like monomer, catalyst, temperable mould glass blanks. Imported raw material is expected to be about 17 per cent of export earnings, states the prospectus. TPL's present equity capital of Rs.2.74 crore will increase to Rs.9.47 crore, after the public issue. While the promoters are taking up 33 per cent of the total issue, the collaborators' contribution is around 5 per cent.

Forbes Forbes and Campbell, a Tata company, is the only other producer of resin lenses in India.

Ind Bank Housing

There has been a spurt of institutions which promote housing finance ever since the National Housing Bank was set up in 1988. However, judging by the gap between the demand and supply of dwelling units, which is expected to touch 40 million units by the end of the century, there is considerable scope.

Indian Bank with more than 1,300 branches, as of March 1991, has teamed up with the Housing & Urban Development Corporation Limited (HUDCO). Each has a 25 per cent equity participation. The company will benefit from the expertise of HUDCO in appraising housing projects and providing the technology.

Ind Bank Housing	
Issue opens	: 7 October 1991
Size of the issue	: Rs.2.40 crore
To Indian public	: Rs.1.90 crore
Instrument	: Equity share of Rs.10 each
Promoters	: Indian Bank and Housing & Urban Development Corporation Limited (HUDCO)
Purpose	: To part finance its financing programme taken up in southern states
Proposed sanctions	: Rs.100 crore during the first financial year
Listing	: Madras, Bombay

The company aims to sanction Rs.100 crore in the first financial year which should not be a very difficult proposition. According to NHB estimates, the total rural and urban housing shortage in the southern states is over 6 million units. Beginning in April 1991, the company has already sanctioned Rs.3.75 crore. Of this Rs.2.40 crore has already been disbursed at the end of August 1991 while the company has Rs.39.20 crore worth of applications pending.

Using the Indian Bank branch network will serve to save costs substantially. Being a housing finance company, Ind Bank Housing will also benefit from concessions such as creation of an income tax-free special reserve up to 40 per cent of its income.

Random walk down Dalal Street

An uncanny resemblance strikes one in the behaviour of the markets during July-August last year and July-August of 1991. Both periods have been witnesses to international and domestic turmoil. August 1990 saw the Iraqis in Kuwait. This sent oil markets into confusion and caused the major stockmarkets to go into a tailspin. In August this year, the world waited with bated breath when Gorbachov was held under siege. Yet, on both occasions it was as if Dalal Street did not take these political upheavals seriously.

BSE: bucking the trend
(Percentage change in market index)

	Saddam effect	Gorbachov effect
Tokyo	− 16.6	− 5.9
Hong Kong	− 11.2	− 8.4
London	− 10.6	− 3.1
New York	− 2.4	− 2.4
BSE-30 Index	+ 13.5	+ 1.3

Closer home, a parallel political scenario exists which is rather striking. Total uncertainty persists. Today, we have a minority government carrying on a daily lease without any kind of tenancy protection. BJP, although a supporter of the government's economic agenda, may not like passing of the bill on preserving status quo in religious places. The enemy of the finance bill, the Janata Dal is, however, the government's ally on the issue of religion. Ballroom dancing with different partners is all very well at birthday parties, but certainly not for political parties running minority governments.

Market mood. If politics is peripheral to the movement of stockmarkets, surely economics is central, and market moods must reflect the health of the Indian economy and the direction of the economic policy. Unfortunately, neither provides cause for comfort. The economy is plagued by high inflation, high interest rates, and a huge debt burden which will take a long time to be wiped out. The successive devaluations of the Indian rupee, made in an effort to contain the existing economic burden, only contributed to the spurt in inflation rates which has zoomed to over 15 per cent from 10.2 per cent between July and August.

With 55 per cent of India's import price inelastic (crude oil, fertilisers, edible oils, and capital goods), devaluation was a senseless decision. Our economic *gurus* justified the devaluation by saying that Indian exports will increase rapidly. The fact is that textiles and diamonds account for a third of our exports and both these product lines are in a state of stagnation in the global marketplace. While we are competing with Bangladesh and Pakistan for a piece of the same pie, they too have devalued their currencies or given benefits to their exporters to maintain a price advantage.

There are rumours of a third devaluation. If this were to happen, India will only end up as a banana republic — the Latin America of the nineties. The higher interest burden coupled with the reduction in depreciation allowance from 33.3 per cent to 25 per cent and the higher tax burden should make things difficult for the Indian corporate sector.

A booming economy will probably offset all these negatives. But even the RBI feels that GDP will grow by 2.5 per cent in the current year. The corporate sector, hit by higher input costs, will try to pass the burden on to the consumer who is likely to defer spending. If, additionally, we had been hit by a food shortage, inflation would have crossed the triple digit mark. It is shameful that even after forty years of planning, we still have to thank the rain gods for keeping us above water.

What cheer in 1991? The new industrial policy introducing an "unfettered" economy has caught many a businessman's fancy. Every industrialist now wants to set up a power plant, a cement plant, EOU units, giant petrochemical complexes, and steel mills. Some ventures will materialise, yet others will not. An open economy does not guarantee profits for everyone. Some will make money and others will lose — but this is the law of free markets.

What then are we celebrating? A revolution in economic thinking? A new India controlled by private businesses in which the government maintains law and order and provides the basic legal and social framework? I wish th be true. Actually, factions within ing Congress-I party seek to b forted by the fact that the Ne concept of socialism will not be nated. This has, in practise, give several absurdities.

> With 55 per cent of Ind import price inelasti devaluation was a senseless decision. There are rumours of third devaluation

The Electricity Act for instan amended to allow private secto "because of the circumstances we and not because the government b that their system of planning has failure. "Privatisation" is defined ing 20 per cent of a public secto pany's equity to the public to money while the control of the ma ment rests with the government. selling our national assets ("liabilit a better word) because the gover needs money and not because the sector has failed to achieve what supposed to. Formulating the eco policy in India is still locked government-knows-best moul thinking. The new policy, in my v merely a political admission of wh happened in the economy since rather than a blueprint for the fut

So, what is Dalal Street che With the BSE-30 Index selling at a earnings ratio (PER) of 25 time March 1991 results, the market is sive. Lending money appears safer assuming a 10 per cent growth in rate earnings for March 1992, th spective PER is still 23 and re expensive. Of course, the index wil 3,000, but it should probably rev 1,500 before it makes that move. on expectations is what stockma are created for. But living on drea quite another thing.

■ AJI

The author is director of Quantum Financial Services

	Closing price 20.9.91	Fortnight ago 6.9.91	P/E (times)	Yield (%)	Company	Closing price 20.9.91	Fortnight ago 6.9.91	P/E (times)	Yield (%)	Company	Closing price 20.9.91	Fortnight ago 6.9.91	P/E (times)	Yield (%)
s	64.00	60.00	10.7		BhansaliEng	15.00	13.50	•		DawnMills	700.00	750.00	9.6	
	190.00	195.00	95.7	1.4	BharatBijlee	2825.00	2800.00	11.2		DeccanCement	140.00	127.50	34.0	1.1
	3460.00	3625.00	17.5		BharatForge	240.00	245.00	24.3	1.2	DeepakFert	31.25	31.25	9.6•	5.8
ts	55.00	45.00	7.6•	3.2	BharatGears	55.00	54.00	10.0	2.7	DeepakNitr	110.00	115.00	8.1	2.7
s	62.00	62.50	26.3•		BharatSeats	55.00	56.00	12.0•	1.4	Dharamsi	57.50	55.00	10.7	3.5
	18.00	17.00	11.7•	8.3	BharatVijay	1075.00	1050.00	6.3	2.0	Diam&Chem	75.00	72.50	10.1	3.3
	97.50	95.50	9.4•	2.6	BhilwaraSyn	35.00	39.00	17.3•		DigitalEquip	74.00	80.50		
ic	600.00	600.00	26.0	2.7	BiharCaustic	51.00	40.00			Dr.Beck	110.00	117.50	17.9	1.8
	187.00	268.75	14.2	1.0	Bimetal	200.00	195.00	16.6	1.1	Dr.Reddy's	205.00	200.00	14.9	1.5
es	170.00	170.00	72.0	1.3	BindalAgro	47.00	52.00	9.0	10.6	Dunlop	100.00	77.50	35.6	3.0
iyan	68.75	65.00			Birla3M	195.00	220.00			Duphar-Inter	100.00	130.00	18.6	1.5
chem	190.00	190.00	22.1•		BirlaJute	390.00	370.00	20.3		E.Merck	150.00	160.00	45.9•	1.3
	87.00	87.00	15.5•	3.2	BirlaKenna	117.50	135.00			E.CoastSteel	78.75	82.50	27.4•	
asp	87.50	92.50	15.3	2.3	BlowPlast	190.00	165.00	12.7	2.0	E.I.Hotels	75.00	60.00	32.0	1.3
ement	32.00	30.00			BlueBlend	26.00	27.00			EIDParry	180.00	160.00	17.5	1.7
aper	1765.00	1410.00	9.9	1.4	BlueStar	70.00	66.25	11.7	2.3	EicherMotors	45.00	45.00	6.6•	
alley	1500.00	1450.00	25.9	1.3	BomBurmah	1900.00	1375.00	17.2	1.8	EicherTractr	230.00	175.00	15.0	
ng	130.00	111.25	14.6	1.9	BomDyeing	322.50	280.00	20.2		EleconEng	60.00	47.50	75.0	2.0
es	133.00	129.00	26.2•	1.9	BomTyres	78.75	66.50	6.7		Electrosteel	125.00	125.00	11.4•	2.2
	44.00	40.00	6.3	5.8	BombaySub	120.00	120.00	4.2	1.5	ElgiEquip	350.00	360.00	19.7•	
ab	38.75	28.75	13.8	5.2	Boots	210.00	215.00	21.7	1.5	ElgiTyres	150.00	130.00	11.6	1.3
ils	97.50	95.00	9.5	3.3	Britannia	187.50	187.50	34.7	1.6	EmaIndia	110.00	65.00	19.5•	1.8
	100.00	102.50	57.8	3.5	BrookeBond	138.75	140.00	19.5	2.9	EsabIndia	130.00	135.00	55.1	1.1
	165.00	150.00	•		Burroughs	180.00	165.00	40.6		Escorts	167.50	160.00	17.7•	1.8
wFin	115.00	110.00	7.2	2.6	C.P.Tools	1200.00	885.00	47.7•		EscortsTrac	177.50	170.00	15.7	2.8
wland	132.50	150.00	15.9	2.0	CableCorp	105.00	107.00	11.6	2.7	Eskayef	252.50	226.25	22.5	1.3
ples	47.00	40.00	6.9	3.2	Cadbury	185.00	188.75	29.0	1.9	EssarShip	53.00	52.50	8.2	4.2
ffee	30.00	32.00			Camphor	72.50	72.50	7.1	3.5	EternitEver	145.00	125.00	14.7•	2.4
ct	1300.00	1425.00	5.4	1.5	Caprihans	90.00	90.00	6.1	2.8	Eurotex	77.50	62.50	27.3•	
el	82.50	75.00	15.2	3.6	CarbonCorp	51.25	51.25	8.3	2.9	Excel	485.00	420.00	22.3	1.5
nts	266.25	266.25	20.9	1.7	Carona	29.00	28.00	32.1•	6.9	FGP	60.00	59.00	17.3	3.7
ctor	28.00	28.50			CarrierAir	21.00	22.00	•		FacitAsia	95.00	95.00	11.4	2.6
o	145.00	160.00	14.3	3.8	Castrol	460.00	436.25	21.5	1.0	FagPrecision	116.25	112.00	7.8	1.7
ont	350.00	350.00	16.7	3.0	CeatTyres	130.00	112.50	17.1	2.3	FerroAlloys	70.00	70.00		
	137.50	125.00	21.1	1.2	CemCorpGuj	42.50	35.00			FicomOrganic	235.00	172.50	17.6	1.9
co	87.50	95.00	25.4•		Cemindia	235.00	162.50	40.1	1.3	FinolexCable	310.00	240.00	17.8	1.6
le	207.50	195.00	11.1•	1.0	CenturyEnka	3900.00	3500.00	37.4	1.3	FinolexPipe	29.00	30.50	7.5	6.2
el	43.75	45.00	6.2•	3.4	CenturyText	6150.00	8800.00	20.1		FirstLeasing	37.50	37.50	5.3•	7.5
gr	137.50	107.50	11.1•		Chem&Plast	210.00	210.00	15.0	1.4	FlaktIndia	91.25	85.00	23.0	2.2
oGoa	67.50	70.00	26.1•	3.0	ChemfabAlk	100.00	92.50	13.9	2.0	FlexInd	57.50	55.00	12.5	5.2
	105.00	110.00	12.1	2.4	CheminorDrug	97.50	100.00	9.3	3.1	Foods&Inns	180.00	175.00	21.0•	2.8
	190.00	180.00	22.0	1.1	Chloride	113.00	110.00	18.4	2.8	ForbesForbes	111.25	117.50	6.9	2.0
ing	42.50	34.50	14.6	4.7	ChoksiTube	53.00	50.00	17.4	3.4	Fulford	220.00	245.00	37.0	
ndry	220.00	200.00	22.0	1.1	ChowgSteam	122.00	106.50	84.8•		G.E.Shipping	94.00	98.00	21.2•	2.1
votec	53.75	62.50	33.8•		Cimmco	122.50	100.00	17.4	1.3	G.K.W.	43.00	43.00	18.2	3.5
o	387.50	770.00	12.9	2.6	Cipla	5200.00	5200.00	12.3		G.P.Electron	75.00	77.50	11.6	2.7
ct	1210.00	1125.00	9.1	2.1	Citurgia	205.00	210.00	20.9	1.7	G.T.C.Indust	165.00	162.50	11.7	2.5
stic	105.00	76.25	8.3	1.9	ClassicDiam	58.00	56.00	6.2	3.8	G.V.Films	32.50	29.00	14.3•	5.5
npo	220.00	215.00	12.4	1.1	Coates	195.00	150.00	20.4	1.3	Gabriel	90.00	83.75	14.6•	2.0
am	61.25	53.75	15.0•	2.9	CochinRefin	900.00	800.00	10.2•	2.3	GammonIndia	110.00	110.00	55.3	1.8
na	220.00	217.50	10.6		Colgate	387.50	361.25	28.1	1.6	GardenSilk	65.00	65.00	60.8	3.7
r	310.00	315.00	15.4	1.0	ColourChem	1500.00	1275.00	28.7		GarwareNylon	37.50	40.00	•	4.0
Amman	110.00	68.75	11.8	1.8	ContPumps	75.00	95.00	10.2	3.2	GarwarePoly	61.00	54.00		
Rayon	900.00	840.00	65.9	1.3	CoreParental	310.00	310.00	13.9		GarwareWall	112.50	115.00	20.0•	1.8
	81.00	75.00	8.1	2.1	CoromFert	77.50	77.00	10.9	5.9	GarwreShip	32.50	32.50	11.3•	4.6
	1425.00	1150.00	27.4	1.5	CromptGreave	1400.00	1400.00	10.6•	1.3	GeorgeWill	205.00	215.00	17.9	2.4
mic	33.75	45.00	7.3•	3.0	Cynamid	177.50	175.00	20.3	1.7	GermanRem	133.75	140.00	37.4	1.5
teel	37.50	40.00	8.1	2.7	DCMToyota	43.00	35.00	9.2•		GinniFilam	38.00	37.00	•	
ompt	46.25	48.00	15.5	2.8	DCW	115.00	110.00	11.3	2.4	Glaxo	167.50	182.50	31.6	1.6
Paper	250.00	190.00	29.8	1.5	DalmiaCement	480.00	500.00	11.8•		GoaCarbon	165.00	160.00	10.4•	

Stockmarkets

Company	Closing price 20.9.91	Fortnight ago 6.9.91	P/E (times)	Yield (%)	Company	Closing price 20.9.91	Fortnight ago 6.9.91	P/E (times)	Yield (%)	Company	Closing price 20.9.91	Fortnight ago 6.9.91	P (ti
GodfreyPhil	500.00	435.00	11.1	1.5	IndianAlum	210.00	202.50	14.9	1.4	LumaxInd	85.00	85.00	1
Goetze	140.00	140.00	16.1	2.4	IndianCard	165.00	163.75	13.2•	1.8	MRF	600.00	640.00	
GokakPatel	300.00	315.00	14.6	1.2	IndianDye	1125.00	1150.00	14.3	2.2	Madhusudan	81.25	85.00	
GoldstarSt	18.00	17.50			IndianHotel	160.00	145.00	26.2	1.6	MadrasAlum	200.00	190.00	
GonterPeip	57.50	57.50	7.6•		IndianHume	290.00	300.00	•	5.2	MadrasCement	6500.00	6700.00	
GoodlassNero	72.50	65.00	17.1	3.1	IndianOrg	66.00	66.00	25.6	1.5	MaduraCoats	215.00	220.00	3
Goodricke	285.00	285.00	22.6	2.3	IndianRayon	240.00	231.00	40.6	1.2	MafatlalFine	640.00	670.00	2
Goodyear	80.00	75.00	25.7	3.1	IndianSeam	180.00	171.25	12.3	1.4	MafatlalInd	1285.00	1250.00	2
GovindRubber	128.75	120.00	7.3	1.3	IndianSew	58.75	58.75	15.7	4.3	MahSafeGl	52.50	40.00	12
Grasim	322.50	326.00	20.3	1.1	IndianShav	95.00	90.00	33.4•		MahScooter	220.00	210.00	1
GremachCNC	40.00	37.00			IndoAsahi	350.00	345.00	12.6	1.1	MahavirSpg	210.00	180.00	9
GrevesCotton	100.75	105.00	10.1•	1.8	IndoMatsuhit	90.00	87.50	12.8	2.2	Mahin&Mahin	90.00	90.00	2
GrindwellNor	73.75	72.00	16.6	3.7	IndoNational	215.00	210.00	12.6	1.2	MahinNissan	22.00	23.00	
GujAlkalis	172.50	171.25	20.4	1.6	Indogulf	47.00	45.00			MahinUgine	47.50	50.00	1
GujAmbCem	280.00	265.00	14.4	1.4	IndoramaSyn	56.50	56.00	15.5	2.6	MalwaCotton	220.00	192.50	10
GujAparPoly	42.50	35.00			Ingersoll	367.50	340.00	39.3		MandoviPell	160.00	82.50	
GujFilaments	38.00	39.00	5.3	5.8	InvelTrans	72.50	75.00	69.7•		MangalamCem	135.00	115.00	2
GujGodrej	30.00	30.00			IonExchange	120.00	100.00	19.6•	1.1	MangaloreChe	19.50	22.00	
GujHeavyChe	27.00	25.25			J.B.Chem	145.00	150.00	8.0	2.1	MaxIndia	102.50	97.50	2
GujNarmada	40.00	40.50	49.6•	2.0	J.K.Indust	120.00	120.00	10.1	2.5	McDowell	85.00	70.00	1
GujOiland	38.00	40.00	15.2•	1.6	J.K.Synthetic	66.00	51.50	42.3		McLeodRousse	147.50	165.00	1
GujPetrosyn	40.00	40.00	10.6	5.0	JBF	107.00	103.00	9.4	2.2	Merind	205.00	230.00	2
GujStateFer	240.00	242.50	21.4	1.2	JCT	132.50	135.00	11.5	3.0	MilesIndia	83.00	80.00	2
HMM	437.50	410.00	36.2	1.8	JaiParabolic	38.75	33.00	45.9•		Milkfood	217.50	172.50	2
Harrison	190.00	197.50	18.0	4.0	JaiPrakashIn	61.00	53.00	11.1	2.5	MipcoSeam	55.00	50.00	1
HaryanaPetro	79.00	79.00	8.6	2.5	JainIrrigat	162.50	160.00	15.9	1.1	ModernSuit	33.00	37.50	15
Hawkins	42.50	42.50	12.2•		JamnaAuto	120.00	105.00	10.0	2.1	ModiRubber	92.50	90.00	1
Herdillia	185.00	137.50	18.2	1.4	JayantPaper	65.00	60.00	15.8	3.1	ModiXerox	92.50	92.50	1
HeroHonda	143.75	132.50	14.6•		JaybharatMar	39.00	41.25	8.8•	3.9	Modipon	80.00	78.75	2
HimatSeide	105.00	102.50	25.3	1.4	JindalDrill	140.00	130.00	10.7	1.4	Monsanto	80.00	80.00	2
HindAlloy	80.00	88.75	12.7	3.8	JindalIron	230.00	190.00	9.5		Montari	100.00	92.00	1
HindCiba	1900.00	1900.00	33.7	1.4	KSBPumps	275.00	310.00	33.5		MorarjeeGocu	355.00	310.00	1
HindConstr	18.75	24.00	33.8•	7.3	KalyaniBrake	82.50	88.75	16.9•		MotorInd	1575.00	1500.00	4
HindDevCorp	100.00	105.00	20.4	2.0	KalyaniSTeel	280.00	290.00	28.2•	2.7	Mukand	180.00	160.00	2
HindDorr	95.00	97.50	12.9	3.2	KanoriaInd	52.50	48.75	207•		MunjalShowa	105.00	105.00	2
HindElectro	100.00	100.00	11.2	2.8	KanthalBimet	72.50	72.50			MurudCeramic	65.00	56.00	
HindLever	151.00	153.00	21.1	2.8	Kelvinator	125.00	132.50	11.9	1.6	MysKirlos	41.25	45.00	
HindMotor	46.00	45.00	920		KeralaChem	270.00	270.00	16.7	1.3	MysPetro	57.50	62.50	
HindOilExpl	29.00	32.50	96.0•		Kesoram	190.00	172.50	39.4		MysoreCement	192.50	175.00	3
HindSpin	5000.00	4050.00	8.2	1.5	KhautauJunk	75.00	70.00	5.3	3.3	NagFinance	14.00	13.00	
Hindalco	342.50	327.50	18.5		KhodayDist	28.75	27.00	11.9•	4.2	NagSignode	190.00	190.00	25
Hinditron	110.00	115.00	18.1•		KineticEng	185.00	180.00	13.7	1.4	NaharExports	220.00	250.00	1
HitechDrill	40.00	47.50	667		KineticHonda	91.00	90.00	25.9		NaharSpg	625.00	650.00	7
Hoechst	3950.00	4150.00	56.7		KirlBros	145.00	140.00	14.7	1.6	NalcoChem	250.00	250.00	8
Hoganas	150.00	155.00	33.2	1.2	KirlCummins	180.00	175.00	25.0	1.1	NatPeroxide	95.00	95.00	
HousingDev	400.00	420.00	6.0	5.5	KirlOil	102.50	86.25	13.0	1.6	NatRadio	550.00	540.00	4
HyderabadInd	180.00	160.00	13.0	1.7	KirlPnew	45.00	43.75	16.9•	4.0	NatRayon	1330.00	1125.00	
ICI	67.50	70.00	13.3		Kit-Ply	28.00	25.00	10.4•	7.9	NathPulp	102.50	95.00	1
ICICI	305.00	320.00	4.3	7.2	KlockWind	195.00	195.00	20.3•	1.2	NicholasLabs	220.00	175.00	1
ICIM	28.75	30.00	8.6		KunalEng	110.00	105.00	7.6	2.3	NipponDenro	28.50	31.00	
IFBAgro	190.00	180.00	165		LML	36.50	31.00	192		Nirlon	26.00	28.00	
IPITATA	73.75	73.75	25.2		Lakhanpal	82.50	72.50	15.6•	1.9	Nocil	1610.00	1510.00	1
ITC	330.00	299.00	28.2	1.6	Lakme	312.50	310.00	30.8	1.6	O.E.N.Conn	122.50	110.00	12
IVP	112.50	110.00	20.2	1.3	LakshmiMach	3950.00	4000.00	19.8•		OilCountry	21.50	22.50	1
IndiaCement	320.00	300.00	16.5		LakshmiMill	2400.00	2000.00	14.8	1.0	OnidaSaka	55.00	57.50	37
IndiaFoils	95.00	100.00	14.6	2.4	LakshmiSynth	72.50	70.50			OnidaSavak	102.50	120.00	2
IndiaForge	90.00	73.00	14.7	1.7	LarsenToubro	142.00	147.00	11.7•	1.8	OrientAbras	83.75	87.50	5
IndiaGlycol	79.00	70.00	102•		Lipton	151.25	152.50	40.9	1.4	OrientContan	150.00	150.00	
IndiaGypsum	17.00	17.00	•		Lorcom	145.00	135.00	12.6	2.1	OrientPaper	175.00	175.00	1
IndiaPhoto	92.50	103.75	123•	2.2	LoyalTexMil	305.00	240.00	20.6•		OrissaCement	290.00	300.00	1

	Closing price 20.9.91	Fortnight ago 6.9.91	P/E (times)	Yield (%)	Company	Closing price 20.9.91	Fortnight ago 6.9.91	P/E (times)	Yield (%)	Company	Closing price 20.9.91	Fortnight ago 6.9.91	P/E (times)	Yield (%)
nge	110.00	105.00	26.7•		SKFBearing	2850.00	2750.00	39.9		TataRobins	62.50	57.50	38.3	2.6
	32.50	34.50	52.0•		SMDyechem	71.25	75.00	5.0	4.6	TataSteel	239.00	234.00	34.3	1.3
	44.00	45.00	10.2	11.4	SMZschimmer	71.25	71.25			TataTea	390.00	445.00	12.9	2.6
	200.00	205.00	24.8	1.2	SRF	72.00	62.50	24.9		TataTelecom	110.00	115.00	19.0	1.4
r	1235.00	1000.00	10.7	2.2	Sandoz	125.00	132.00	17.8•	1.4	TataUnisys	265.00	260.00	17.2	1.1
	27.00	28.00	16.2•	11.1	SandvikAsia	2750.00	2080.00	31.5	1.1	TataYodogawa	100.00	92.50	12.5	2.5
	42.50	44.00	11.1•		SanghiPoly	21.50	23.00			TeaEstates	190.00	185.00	49.1•	3.2
n	88.00	95.00	5.2	2.8	SardaPly	35.00	37.00	3.8•		ThomasCook	250.00	245.00	21.1	1.0
s	120.00	125.00	8.5	2.0	SawPipes	97.50	102.50	26.7		Tinplate	55.00	52.50	4.1	2.7
rg	110.00	115.00	18.0	2.5	Scindia	14.00	14.50	•		TitanWatches	85.00	85.00	25.1	2.1
	50.00	40.00	16.9	4.0	Searle	190.00	195.00	24.1	1.2	TitanorComp	145.00	150.00		
	110.00	117.50	13.3	1.8	Secals	115.00	115.00	16.6	1.8	Transpek	380.00	310.00	51.6	
els	29.50	28.75	6.7	4.1	SesaGoa	650.00	600.00	61.4		TristarSoya	100.00	110.00	6.6	2.0
	137.50	145.00	46.1	1.4	ShawWallace	160.00	160.00	21.0	2.7	TriveniEng	230.00	205.00	12.8•	
inn	150.00	155.00	5.9	1.3	ShreeAcid	36.00	38.00	5.8	5.0	TwentiethCen	31.00	30.00	7.0	7.7
k	29.00	31.00			ShreeCement	110.00	105.00	15.8•		UBPetro	28.00	29.00	•	
	87.50	70.00	20.5	2.1	ShreeHonda	38.75	37.00	13.8•		UcalFuel	81.25	67.50	383•	
s	1525.00	1550.00	18.3	2.6	ShreeRayAlk	32.50	33.00	105		Ultramarine	165.00	165.00	12.3	2.4
	295.00	295.00	39.0	1.3	ShreeSynth	65.00	67.50	22.5•		UnichemLab	155.00	160.00	11.4•	
ar	37.50	30.00	10.4	4.8	ShreyasPaper	75.00	80.00		5.3	UnitCarbon	2550.00	2000.00	29.8	
d	46.00	45.00	6.3	5.4	ShriDinesh	900.00	900.00	29.0•	2.4	UnitPhosp	430.00	357.50	26.6•	
lec	48.00	43.00	14.0	3.3	Siemens	230.00	210.00	33.9	1.0	Unitech	40.00	37.50	6.2	6.0
	61.00	58.50	120•	3.0	Simplex	107.50	130.00	5.6•		UshaMartin	60.00	62.50	14.1	3.8
s	200.00	200.00	4.5	10.0	SirpPaper	175.00	165.00	17.3	1.1	VIPIndus	76.00	72.00	6.1	3.3
s	325.00	375.00			Siyaram	54.00	57.50	10.2	3.9	VST	150.00	145.00	14.8	3.0
	45.00	46.00	7.2•		SkolBrew	25.00	27.50	6.9•	6.0	VamOrg	240.00	212.50	15.5•	1.5
ood	72.00	73.75	6.8	2.5	Spartek	47.50	47.50	7.8	4.0	VanavilDyes	70.00	71.25	12.3	2.1
mble	280.00	270.00	55.6		SpecialSteel	260.00	190.00	23.4	1.0	VarunShip	35.00	35.00	4.9	7.7
es	60.00	46.25	9.9	3.0	Spic	70.00	66.50	15.1	2.3	VickersSys	107.50	105.00	19.0	2.3
Lam	46.25	46.25			StandardBatt	72.50	75.00	22.0	2.2	VideoconApp	100.00	121.25	6.7	2.5
as	345.00	340.00	35.7•		StandardInd	138.75	132.50	46.1	1.4	VideoconInt	345.00	345.00	7.8	1.7
ert	16.00	15.00	32.5•		SteelStrips	27.50	27.00	10.6	7.3	VideoconVCR	62.50	75.00	15.6•	
ors	240.00	265.00	10.7	2.5	Steelage	35.00	37.50	10.5	5.7	VikrantTyres	70.00	51.25	14.4•	2.1
	33.00	29.00	16.7	4.5	StenApparel	50.00	47.50			VinayakaSyn	29.00	30.00	10.2	3.5
nent	147.50	125.00			Sterlite	152.50	157.50	7.4	2.6	VindhyaTele	115.00	98.75	40.4	2.1
o	76.00	78.75	5.8	2.6	StovecInd	335.00	360.00	10.7		VisakaInd	52.50	52.50	7.0	3.2
	125.00	115.00			StrawProd	210.00	192.50	14.1	1.7	Voltas	135.00	135.00	1.5	20.0
ist	85.00	84.00	6.8	2.6	Su-rajDiam	50.00	50.00	6.5	5.0	Walchand	64.00	55.00	50.4	
	282.50	280.00	21.3		Sulzer	152.50	155.00	59.1•		WarrenTea	185.00	197.50	14.0	4.3
ras	170.00	170.00	9.9	1.5	SundClayton	54.00	50.00	28.7	2.2	Wartsila	121.25	127.50	36.5•	
arb	60.00	60.00	14.7•	5.0	SundFasten	135.00	127.50	21.8	2.0	WellmanInc	60.00	60.00	51.4•	2.0
	75.00	77.50	34.6	2.7	Sunflag	30.00	30.00	•		Wendt	50.00	50.00	50.0	
ys	50.00	50.00	6.8	8.0	SuperSales	170.00	155.00	11.5	1.8	WestCoast	475.00	500.00	17.2•	
Synth	27.00	28.00			Supreme	350.00	350.00	15.1•		WestMinistil	50.00	52.50	12.4•	4.5
Wooll	188.75	192.00	22.7	1.3	SuratElec	1425.00	1400.00	46.0	1.3	WillardInd	80.00	75.00	8.3	1.9
nan	245.00	247.50	21.9	1.9	SuryaAgr	24.00	26.00	10.7		Wimco	45.00	37.50	6111•	
nic	16.00	17.00	18.8		SwarajEng	115.00	115.00	14.8	2.6	Wipro	320.00	315.00	4.7	
ros	105.00	100.00	15.0	2.1	Swil	98.75	110.00	8.8	3.0	WyethLab	127.50	107.50	40.6	1.2
	164.00	175.00	19.9	1.8	Synth&Chem	61.25	62.50	10.9	4.1	XLOGwbcar	50.00	50.00	7.8	
Cap	46.00	49.50	21.7	2.7	TNPetro	57.00	60.00	13.7	2.6	YokoKeonics	90.00	92.50	18.6	
Pet	24.50	26.00		7.3	TVSWhirlpool	39.00	40.00			ZFSteering	42.50	45.00	28.1	2.9
.P.	110.00	115.00	11.6	2.3	TataChem	95.00	100.00	15.8	2.6	Zenith	42.50	35.00		
oulenc	160.00	165.00	28.4	1.1	TataDavy	45.00	45.00			Zuari	90.00	90.00	10.2	3.6
	127.50	132.50	14.1•		TataEng	325.00	332.50	23.7	1.2					
od	83.75	90.00	233	1.4	TataFin	51.25	52.00	16.6	3.9					
ers	235.00	240.00	9.3	1.5	TataHoney	107.50	90.00							
	50.00	52.50	833	3.0	TataHydro	1500.00	1450.00	29.2	1.3					
rn	47.50	52.50	11.7		TataMetals	322.50	300.00	11.2						
ng	2500.00	2175.00	8.3	1.6	TataOilMill	82.50	83.75	14.2	2.4					
e	2000.00	1625.00	21.9	1.8	TataPower	2040.00	2050.00	41.8	1.0					

P/E: Market Price/Earning per share
Yield: Dividend as a percentage of market price
•: Based on unaudited net profit. Dividend for such companies pertains to the previous accounting year.

Lucky winners

The market being closed on 9 September, we have taken 6 September as our closing date. Congratulations to all the 85 winners of IC 351.

Given below is a new list of six scrips, and their closing prices on 20 September 1991. Pick the share that you think will rise the most in percentage terms by 21 October 1991 and rank it number one. Then choose the one that you expect will rise the second most and rank it number two. Then number three, and so on till rank six. It's as simple as that!

So, in this Investor Contest, you don't have to predict the price of shares; you merely have to rank the performance (in percentage terms) on the basis of the prices you expect each to reach on 21 October 1991. You don't have to tell us the prices nor even the percentage changes you expect — only fill in the ranks from one to six.

Please note that if you assign the same rank to two scrips, then the following one should be ranked the next consecutive number. For example, if you rank two shares at number three, the next will be number four (in which case, of course, your last rank will be five).

(Note: The cut off date for IC353 is 3 October and not 17 September as printed in our previous issue.)

Scrips	Prices as on Friday 9 August 1991 (Rs.)	Prices as on Friday 6 September 1991 (Rs.)	Ranks
Arlabs	180.00	182.50	4
Jain Irrigation	150.00	160.00	3
Jindal Strips	270.00	345.00	1
Mah & Mah	105.00	90.00	6
Nalco Chem	260.00	250.00	5
Premier Auto	54.00	58.50	2

Rules:

1. There is no entry fee.

2. The price mentioned last in the official quotation list will be taken as correct for the purposes of calculation. If the stock exchange remains closed on the stated last day, the closing price on the prior day will be used.

3. Entries must be on the printed form given below. Any other entries will be disqualified.

4. Only one entry will be permitted per form.

5. Envelopes sent in should be marked Investor Contest. All entries should be sent to: Investor Contest, **Business India**, Wadia Building, 17/19 Dalal Street, Bombay 400 001, by 5 pm, 17 October, 1991.

6. Business India's decision on the winning entries is final and binding, and no correspondence in this regard will be entertained.

7. The contest is open only to residents of India. No employee (or any direct relation of an employee) of the **Business India group of publications** is entitled to enter the contest.

8. The prize of Rs.5,000 will not be carried forward if there is no winner. In the event that there is more than one winner, the prize will be shared equally.

Name of scrip	Prices as on Friday 20 Sept 1991 (Rs.)	Rank as on Monday 21 Oct, 1991 (please fill in number)
Bannari Amman	110.00	
Bayer	1,425.00	
EMA India	110.00	
E.I. Hotels	75.00	
J.K. Synthetics	66.00	
Mandovi Pellets	160.00	

Name:_____ Age: _____

Address:_____

_____

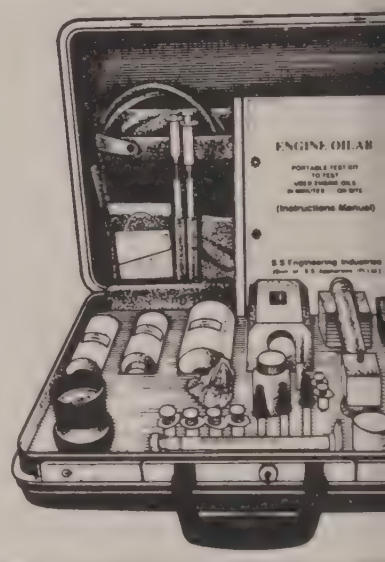
Profession:_____ Date: _____

IC354

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damages. Also new oils must be tested
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% by volume in any liquid • **T A N GAGE:**
Acidity in used oils.

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TRANSPORT CORPORATION of INDIA Ltd.
1-7-293, M.G. ROAD, SECUNDERABAD-3 (A.P.)

owing is the text of the speech by . Agarwal, Chairman of Transport ion of India Limited, at the 26th General Meeting held on 20th ber, 1991.



. AGARWAL

and Gentlemen,

eased to welcome you all to this 26th General Meeting of your Company.

nual Report for 1990-91 has been u for sometime and I hope it has d you the desired information.

ter half of the year 1990-91 probably e of the worst phases of political and urmoils in the post independent era country. Added to this was the um crisis thanks to the Gulf War. factors did have a destabilising effect economy. Despite this, your Company ntinued its progress and growth. You d it heartening to note that the ny recorded a growth of 16% in er and 17% increase in gross profit. I te this creditable performance mainly factors a) the synergistic strength of mpany to face up to unfavourable l environment and b) the trust and nce reposed on the Company by our customers. It certainly reflects the lity that your Company enjoys. Our hip in the goods transport industry s intact.

t profit during the year is lower due k loss on account of transfer of one of its i.e. Bangalore Wire Rod Mill and lacs of Customs Duty liability of the us years in respect of Bhoruka Textiles. e this the Board has recommended a nd of 18%, in order to maintain able return on investment of olders.

he transfer of Bangalore Wire Rod Mill ith Bhoruka Textiles becoming public, ompany now has the profile of an ve service organisation.

WTH THROUGH EXPANSION DIVERSIFICATION

Company, in its pursuit of growth h customer servicing, had commenced nes of business - Shipping, Wheels -Car and GATI Desk-to-Desk Cargo. s Rent-A-Car was formed in collaboration with "Hertz" (USA) to bring international standard car rental facilities to India. It offers both chauffeur driven and self driven car facilities in select cities. A tie-up has been signed with Citibank to enable Citibank card holders direct access to this service. New markets are also being identified for the division's network expansion.

GATI Desk-to-Desk Cargo was introduced to provide a unique, swift service that removes the time and tedium involved in sending or receiving cargo. This service, which was commenced with 9 branches, today has a network of 38 stations. GATI has now been declared a division of the Company in order to give it greater thrust and momentum.

The shipping division is continuing to make progress. The division has already commenced its operations to some South East Asian Ports.

The Transport Division will of course attain further heights in growth which has been its trend in all the years.

PROGRESS WITH A VISION AIDED BY STRATEGIES

The new government at the centre, through its Industrial and Trade Policies has paved way for a situation that existed never before. It will be a phase of opportunities and hence challenges. There is bound to be a spurt in healthy competition both in the domestic and international markets. Organisations which are built on sound values with a clear vision and committment will be able to create opportunities. Successful organisations will be those who have shown dynamism in their approaches and strategies.

Your organisation is alive to the emerging realities and shall endeavour to carve out a niche for itself through appropriate strategies, both for building internal strength and for providing quality of service.

VALUES WE CHERISH

Excellence cannot be sustained without consistent policy of business ethics and cherished goals.

Your Company has lived with certain business ethics which form the basis for our policies and plans. The Company has crystallised its corporate mission to be a customer oriented, multi-specialist transport system in the Indian and International markets with a proven committment to excellence in every facet of activity and pursuit of value based policies, to satisfy aspirations of society, customers, vendors, employees, shareholders and the transport industry.

UPDATION OF TECHNOLOGY

Excellence is an outcome of an urge combined with adoption of appropriate methodologies. It is here that technology becomes an important consideration. When excellence means doing things excellently, the possibility of creating excellence depends heavily on the extent to which an organisation is able to innovate on and adopt new technologies. The customer requirements being varied, it is the adoption of multiple technologies that will lead to all round leadership. Your Company has taken a planned approach to technology updation in transportation and is open to enhance its technological capabilities, to further improve its quality of service and its leadership position.

QUALITY. THE KEY WORD

In almost all walks of life quality has assumed greater significance. Quality is a matter of the mind. It is a process in which effective linkages are established within the organisation to ensure a defect-free output. People will be the key to achieve quality, more so in a service organisation. It is the ability to see each role in the organisation as complimentary to another that will pave way to quality. Synergising human capabilities will be the essence of management in the times to come. It is the product of collaboration among people that should become the focus in our organisations. We have over the years been endeavouring to create a culture of interdependence in our organisation. We have been proceeding on the firm conviction that the output of well knit teams is far greater than the sum total of individual output. We plan to activate this conviction more vividly in the future.

CONCLUSION

Your Company over the years has been performing creditably thanks to the untiring efforts of over 4000 employees, patronage of customers, support of its shareholders and involvement of the Board of Directors. I put forth my sincere thanks to the dedicated efforts made by the employees in pursuance of our mission. I also express my gratitude to the Financial Institutions and Banks for their support.

Over these years, your company has been able to nurture values of ethics and fairness. Your company as one entity has been able to face up to challenges. The future will demand stronger applications of cherished values. It will call for a clear vision and choice of strategies. It will require greater collaboration within the enterprise - so that the Mission of Excellence and Quality will become a permanent reality.

This does not purport to be a report of the proceedings of the 26th Annual General Meeting.

everest/H/TCI/5291

The hijacking of the IMF

ENOUGH IS ENOUGH:
Dear Mr. Camdessus... Open letter of resignation to the managing director of the International Monetary Fund
Davison L.Budhoo
Apex Press, 1990.
Distributed by Other India Bookstore, Goa.
pp.120, Rs.75

According to the *Observer*, London, this book is "a severe indictment of (the Fund's) practices, its racist attitudes and the high living of its staff". Racist? Well, South Africa is classified as a European entity in the IMF's organisational structure! And if this is not disquieting enough, read on.

Set up after the Second World War, the IMF was meant to help countries avoid deflation, which was till then the only means of escaping a balance of payment crisis. That the concentration of these problems has been in the developing countries (at least over the last decade), has made the Fund's influence over these countries unparalleled. Moreover, the IMF is no charitable organisation. The latest OECD report reveals that, in this time of capital scarcity, the IMF has been withdrawing from developing countries for the last 5 years, $2 billion a year more than it has been putting in.

Lifting the veil. The author's tone is polemical and this can get a trifle tedious. But that does not take away from the insight the book offers into the working of the IMF — an aspect ordinarily veiled. Budhoo is at his best when he documents the superficiality of the IMF's style. For all its talk of development, the IMF has very little expertise in this area. Ordinarily, development economics focuses not on mere economic growth but on the "entitlements" the poor should receive. The IMF's prescriptions skirt this central concern completely and are based on a narrowly defined terrain, viz. monetary economics, as defined by the Chicago school of economists led by Milton Friedman. The Fund believes in encouraging the development of a free market and its prescription for a balance of payment problem is demand contraction. To excuse its lack of expertise in development economics, it claims to lean on the World Bank's skills. But the Bank which started off with a view to funding large projects, like irrigation and power, itself doesn't possess a clearly defined theory to guide its own or the IMF's actions.

The IMF has admitted that its adjustment programmes have an adverse impact on income distribution. Yet, no serious self questioning is taken up. The unbeatable defence, of course, is: what are the alternatives? Would the impact of these be better than that of the IMF's prescriptions? Sadly, there seem to be alternatives. Consequently, Budhoo urges that all the macro economic changes insisted upon by the IMF — GDP growth or internal price stability — must be made subject to the condition that they will not at least cause a negative change in income distribution and poverty levels.

Budhoo's explosive accusation is that, not content just with inertial orthodoxy, the IMF staff is even willing to fudge figures to push through its prescriptions



Budhoo used to belong to the privileged band of international bureaucrats who work in international multilateral organisations like the UN, the World Bank or the IMF. In the IMF, they receive salaries and privileges that others can only fantasise about, as they jet from one five star hotel to another. It is the author's contention that the IMF's staff has hijacked its functioning. The Fund's board of governors, content with the privileges they themselves enjoy, have not been too keen to questio
working or thinking too clos

Budhoo's explosive accusa
not content just with inertial
the IMF staff is even willing t
ures to push through its presc
the mid-eighties, Trinidad an
whose main export is oil, face
ious, though not hopeless,
problem due to the decline in
A little borrowing could have
through this. But the IMF insi
devaluation was in order. To
prescription seem imperative,
the bombshell, Budh
that the Fund's staff
crucial figures, like t
labour in the island e
Shockingly, the dist
formation was fed t
board to get approva
measures. While the
was acknowledged i
later, there was no p
mission of the mistak
No alternative. Budh
with feeling. And h
complimented for th
of his style and the ma
metaphors. Yet what
does not expose is th
tries have had to beg from the
because they went on a binge.
should try to consume only as
they can afford. Borrowing fro
ternational market may be a s
answer; in the long run someo
pay the piper. If countries are
into the seductive proposition
is a free lunch, then the IMF and
hoo terms them, its "were-wo
sure to follow.

Since India is going in for a
adjustment programme, what
book tell the Indian reader? C
in India are so drastically diffe
we are unlikely to see a repe
Trinidad and Tobago experie
And, while the questions that
raises about the nature of the I
ations leave a troubling residu
likely that we can use that insig
quibble about the terms under
get our loan.

• EA

attraction



CALCUTTA: SOCIETY AND CHANGE, 1690-1990
By Samaren Roy
Rupa, 1991,
pp 220, Rs.95

bred Indian, and more partic- Bombayite, has felt, at some er, the fatal attraction of Cal- they will agree, the traffic sys- a mess, the power situation the politics ghastly, the work rating, but... here there is a e, as of the memory of an old But... Calcutta is wonderful. n Roy's book, therefore, is ardently in spite of the un- ic title. Unfortunately the self is quite obviously.. well.. a the city, and this affects the of the book initially. The first ers fail to grip only because the levotion blinds him to the npatience. For example, the n the Derozians is no doubt of o those who have lived and he stimulating atmosphere of but to the lay reader, the name gs a bell. Even if it does, there to the amount of energy he is put into the perusal of the life of Derozio and his band.

rtunately the writer lf is quite obviously.. a devotee of the city, nd this affects the dability of the book initially

er, it is in the chapters on the Samaj, the scientific temper and c achievements of the city, that achieves the blend of univer- erudition that makes the book sting experience. The informa- tailed, the analysis always logi- t times brilliant.
can excuse the inclination, in large measure, towards self-congratulation — in the sense that Calcutta is often portrayed as the centre of the intellectual universe, influencing all thought in the country for the past three centuries — then the book makes for stimulating reading. Towards the end there are two chapters titled "The Painters" and "The Thinkers". The author has blended the development of Calcutta as the art and ideology capital of India, with the advent and contributions of artists and thinkers, some of whom we do not know or may have forgotten. The founding of various important movements and institutions (for instance, the Asiatic Society) comes alive on these pages. The last chapter details a chronology that is rewardingly informative.

However, what tends to jar is the language in certain places. It is awkward to say the least. Can any amount of excellence in content make up for sentences like, "His name was Linnaeus, who was only twenty when Newton died"? Unfortunately, the book is littered with such editorial lapses. And while a loyal Calcuttan may overlook such faults, this makes for a jerky flow of the text for interested readers.

■ MINI SHRINIVASAN

To be on top



GIVE AND TAKE: A Practical Guide To Making The Most Of Meetings
By Jack Gratus
BBC Business Matters Pack (144-page book and C-60 audio cassette), Distributed by Book Channel, Bombay, Rs.325

Meetings take up 25 per cent of a manager's time. Senior managers attend meetings four days out of five.

Why are meetings held? First, the good reasons: to bring people together, aid communications, inspire, energise, pool resources, liberate, to make you noticeable, and above all, because they are but natural.

Now the bad reasons: meetings are held out of habit, to avoid responsibility, display power, avoid work, avoid writing, or merely to rubberstamp decisions. However, there is universal concurrence on one count: most meetings are poorly handled, are time-wasting, and usually pointless.

This guide aims to change all that. There's advice on how to prepare properly, how to help ensure that the meeting stays on course, how to contribute effectively and how to negotiate a meeting in top gear.

■ BRINSTON MIRANDA

'Perfection' pack



SPEAK FOR YOURSELF: A Practical Guide To Giving Successful Presentations, Speeches and Talks
By John Campbell
BBC Business Matters Pack (144-page book and C-50 audio cassette), Distributed by Book Channel, Bombay, Rs.325

The new format of helpful business books released by BBC — always a leader in information transmission — claims to make you perfect. However, unlike most such 'quick-fix' mannuals and other aids, this book and cassette have an amiable, empathetic tone that facilitates learning for self-development, an achievable task for the busy business person and beneficial, as well, to all other professionals (including bureaucrats).

Managing your nerves, preparing and structuring your talk, using memory aids and support materials, beginning your talk, using your voice, you and the audience, putting it all together — that's what this pack is all about.

The overriding consideration for being successful is to make the needs of the audience the major criterion. Distinguish between what they want to know and what they need to know! If dealing with an audience is part of your work, then this pack is what you have been looking for.

■ BRINSTON MIRANDA



Speech by Shri Y.R. Ghorpade, Chairman, The Sandur Manganese & Iron Ores Limited at the Thirty-seventh Annual General Meeting held on 16th September 1991.

Ladies and Gentlemen,

I extend to you all a very cordial welcome to the Thirty-seventh Annual General Meeting of the Company.

This is a testing time for India. Our former Prime Minister Shri Rajiv Gandhi lived and died for the unity and integrity of our country. He wanted India to be strong and resilient to step into the twenty-first century with confidence and commitment to our time-tested ideals. Many far-reaching changes are taking place on the economic front which will succeed to the extent to which we act in unison and in full awareness of our common heritage and universal human values, rising above all distinctions of caste and creed. In recent years we have witnessed upheavals and struggles in different parts of the world for more democratic rights and opportunities. We, in India, are fortunate to have developed democratically for over four decades, thanks to the vision and dedication of our great national leaders and the united effort of our people. At a time when external and internal forces are trying to undermine our peace and progress, we have to further strengthen our democratic system to the grass-roots level. It is a matter of pride that our Sandur Company (SMIORE), has been able to contribute significantly to the prosperity and quality of life in this area for nearly four decades and is poised to further expand the scope of its socio-economic activities in the years to come.

Power

The monsoons have been good this year. The reservoirs are full and the prospects of power supply are encouraging in Karnataka. Making adequate power available to power-intensive industries should not present a problem. However, it is equally important to make power available to such industries at a rate which is reasonable and stable. This rate should, no doubt, be linked to the cost of generation of power, but should not be burdened with the cost of subsidising power supply to other sectors and avoidable inefficiency in distribution. The monthly power bill of SMIORE at present is of the order of Rs. 2.50 crores. SMIORE has always attached the greatest importance to prompt payment for the power it consumes. However, during the period December 1981 to March 1987, as a consequence of the State Government's unilateral abrogation of our agreement with the Karnataka Electricity Board (KEB), SMIORE had to incur heavy losses but had been paying KEB according to the power rates ordered by the court, and even this difference between court order and tariff rates amounting to Rs. 6 crores in 5 years has also been completely paid without prejudice to our case in court. The KEB is not justified in claiming any penal interest or adjusting to it amounts paid by the Company and showing increasing arrears as due from the Company.

There is another pending legal dispute with the KEB with year from which the concessional state duty became ope period of twelve years for our ferrosiiicon furnaces which production in 1977. It is our contention that the concessio became applicable to the Company for a period of twelve 1977 upto March 1989, and not only upto March 1984 as the KEB, the difference amounting to Rs. 4 crores. Barrin disputes, where the courts have issued stay orders in fav Company, SMIORE has had a harmonious relationship w

Performance

In spite of these and other difficulties, the Company' performance in 1990-91 has been good. The profit for the Rs. 14.70 crores after interest of about Rs. 2 crores and d of Rs. 1.20 crores, based on a turnover of Rs. 93 crores a production of 35,300 tons of ferromanganese, 8,800 tons silicomanganese and 13,700 tons of ferrosilicon at the Me Alloys Plant and 212,000 tons of manganese ore at the Mi matter of satisfaction that once again after eight years the has been able to declare a dividend of 25 percent for the y

Mines

It is significant that our Mines at Deogiri have been a about 80,000 tons of manganese ore of the required Mn:F M & FA Plant at Vyasanakere, near Hospet, apart from ex 70,000 tons of ferrogenous manganese ores and domesti 50,000 tons mostly to ferroalloy producers. This has been concerted effort and commendable cooperation between m and labour, who have the benefit of a progressive incentiv which enables them to earn much more than the statutory wages, while providing sizeable employment at the Mines from the surrounding villages in Sandur taluk. The Compa developed its Mines on a scientific basis at considerable c to get the best out of these pocket deposits spread over o mining concession. At the same time, we have been extre conscious of our obligation not only to protect environmen strengthen it in every possible way. The Company has pla a half lakh trees a year in 1989-90 and 1990-91, which wil up to five lakh trees in 1991-92. There is an environment a which has been built up over the years and has resulted in Organisation and employees acting as guardians of the fa in this geologically ancient tract. To further strengthen our direction, the Company has commissioned the National E Engineering Research Institute (NEERI), Nagpur, to prepa comprehensive report on the management and monitoring

e Sandur Manganese & Iron Ores Limited

Registered Office: 'Lohadri Bhavan', Yeshwantnagar 583 124, Bellary District.

t. At the Mines Environment and Conservation Week
n Bellary district for the first time by the Indian Bureau of
ly 1991, SMIORE's Mines were adjudged the best and
e trophy for environment awareness.

ation

ally our mining concession contains low grade manganese
hough low in phosphorous is relatively high in iron content.
re our endeavour to do our very best to try and beneficiate
de manganese ore to achieve an Mn:Fe ratio which will
use of the beneficiated ore in ferromanganese production.
Company's main research and development objective which
al significance. Available scientific knowledge indicates the
e of roast reduction and magnetic separation as the most
thod of beneficiating our ores. The Regional Research
(Bhubaneswar), Outokumpu (Finland) and
chermet Institute (USSR) have all conducted laboratory
our ores with encouraging results. The Company has
ecided to plan a pilot project to establish the commercial
nd process parameters of beneficiation. We intend to do
eration with the Indian Bureau of Mines and other technical
ns inside and outside the country. It should be possible to
his work and arrive at firm conclusions within a couple of
ne basis of which the Company proposes to go ahead with
n, which would greatly benefit our own ferroalloys
and also export of value-added products.

n Control

Metal and Ferro Alloys Plant at Vyasanakere, near Hospet,
ubmerged electric arc furnaces producing ferromanganese,
anese and ferrosilicon, bulk of which is supplied to the Steel
f India Limited (SAIL). Improved power availability has
better working and enabled the Company to undertake
pollution control in Karnataka by installing bag-house filters
d be commissioned by March 1992. A clean atmosphere is
ment. The pollution control authorities should take a
w of the nature and type of pollution control feasible for
dustries and fiscal measures should also be designed to
feasible. A uniform policy in this regard is desirable in the
equity and environment.

ics

liversification of the Company's activities in the field of
is progressing satisfactorily. Our dot matrix printer has
eceived in the home market and abroad. The indigenisation
phased manufacturing programme approved by the
nt of India for the manufacture of printers is now complete.
several standard electronic components have to be imported
is no adequate manufacturing base in the country for such
ts. The development of "SOFDAC" - a menu driven software
r data acquisition and control systems - is complete and a
s been installed at our Ferroalloys Plant. We have
g responses from other processing industries such as
d cement. The Company has established a centre at
Bangalore for software development, computer services and training in advanced systems and applications for domestic and overseas market, using an IBM AS-400 state-of-the-art computer. This software centre will go a long way in meeting the increasing need for trained professionals in software development and export.

Welfare

The Company's welfare programmes cover health and education and include supply of subsidised essential commodities, cloth and housing. They are designed to protect the real income of our 2400 employees and contribute to community development and the quality of living in the area. The educational facilities have been further strengthened by the starting of a Girls' Residential School with the Central Board of Secondary Education (CBSE) syllabus, at Vyasanakere, near Hospet. The Sandur Education Society's polytechnic started in 1988, at Yeshwantnagar, with diploma courses in computer science, telecommunications and mechanical engineering is now almost complete and has already made a name for quality education and discipline in healthy natural surroundings. It will be our endeavour to strengthen technical education with a view to further diversify the courses and create a strong base for undertaking training programmes to upgrade skills of our employees and also benefit the neighbourhood. Skills for employment and improved employability is at the heart of the problem of development and growth with social justice. The Sandur Kushala Kala Kendra is also doing pioneering work in the field of arts and crafts including mirror work and embroidery, cane and bamboo works, kinhal lacquerware, stone and wood carving, khadi and tailoring. There is great scope to develop traditional skills for indigenous consumption and export.

It is a matter of great satisfaction to all of us that Shri M.Y. Ghorpade has once again joined the Company as its Managing Director from 30 May 1991. His experience and guidance have always been available to the Company, except on two occasions when he had to accept ministerial responsibilities in the Government of Karnataka as Finance Minister from 1972 to 1977 and as Minister for Rural Development & Panchayat Raj in 1990. I also wish to express my appreciation of the good work put in by all the employees of the Company. I am grateful to all my colleagues on the Board, the financial institutions and the banks for their valuable guidance and support.

Thank you,

Yeshwantnagar — Y. R. Ghorpade

Date: 16 September 1991

NOTE: This does not purport to be a record of the proceedings of the Annual General Meeting.

Now the same technology that helps NASA study Martian dust storms can help the railways speed up freight billing.



RISC technology. It's the new generation computer technology that's raised the power and speed of computing to a whole new level.

And Silicon Graphics Inc. is one of the world's leading exponents of this technology.

At the Mountain View, California Ames Research Centre, Silicon Graphics systems help NASA engineers bring theoretical data alive with stunning realism. One of the visual simulations these systems are used in, for example, is in the recreation of atmospheric conditions on the neighbouring planets.



It is this superpower that Tata Elxsi (India) Ltd. bringing to Indian users in business and scientific com as well as in visual processing. Through the Power S manufactured with Silicon Graphics know-how at of-the-art facility in Bangalore. And customised to conditions by one of the few Government - rec R & D centres in the Indian computer industry.

Beginning as a single-processor RISC machine

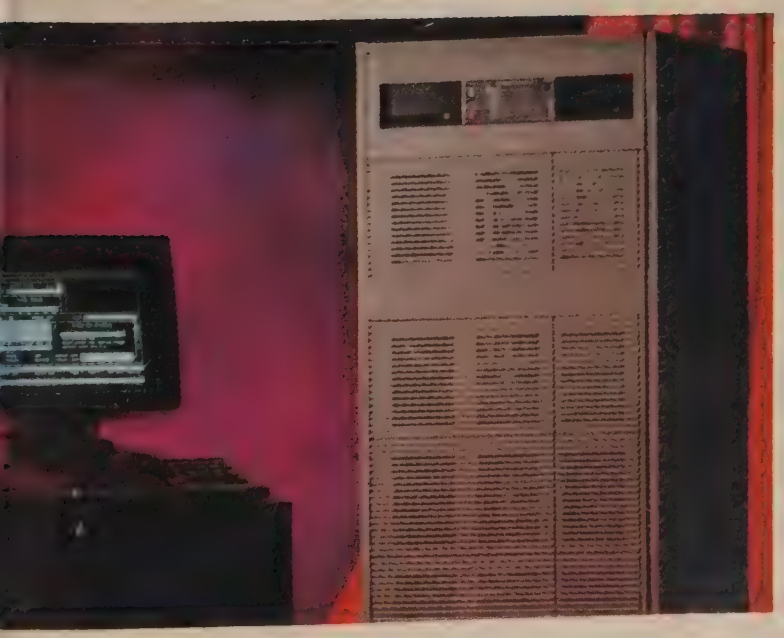
, the Power Series can be upgraded to eight times
r by simply plugging in additional CPU cards.
g no other system in the country can offer.
nost powerful configuration, the Power Series can
ckage like Oracle™ at truly awesome speeds -
0 transactions per second In a scientific
tion, this same power would translate into 63.3
MFLOPS of performance.

Now think of what this power would mean in a complex area like freight handling. Over 250 users across the country could readily access a common, and continuously updated database. Enabling quicker freight billing, and better control over freight movement.

But transportation is just one area where Tata Elxsi can make a powerful difference. Banking, energy, oil, research, meteorology and manufacturing are some of the others.

(Telco, for instance, has just placed an order for six systems for their manufacturing plants and offices).

The most powerful - and easily upgradable - hardware in the country. And a world-class software capability that allows us to tailor solutions to meet your exact requirements. Tata Elxsi offers you all this, as well as a host of specific design advantages unique to the Power Series.



To find out more about the Power Series, and what it can do for you, get in touch with us. Fast.

Power Series is the trademark of Tata Elxsi (India) Ltd., Oracle is the trademark of Oracle® Corporation.

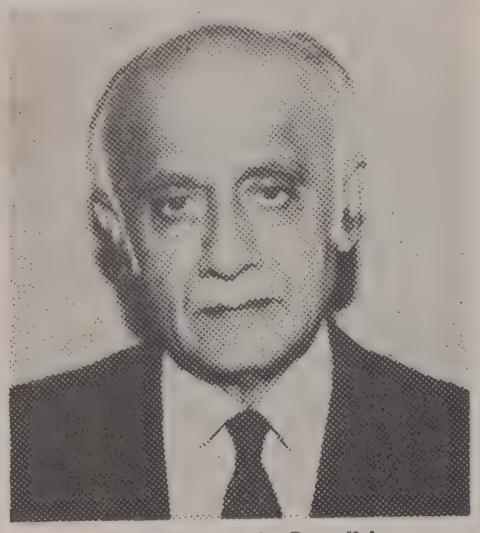
TATA ELXSI

Superpower for computing

and Regional Office: Tata Elxsi (India) Ltd Subharam Complex 144 M G. Road Bangalore 560 001 Ph: 544425, 544163, 544067 Fax: 544339
5-8522 RISC IN Regional Offices: Delhi: Ph: 6863010,6863020 Fax: 6863055 Tlx: 031-73123 TLXE IN Bombay: Ph: 2025769,2040894 Calcutta
78,293742 Tlx: 021-5995 TTEL IN Fax: 474614

DCM SHRIRAM CONSOLIDATED LTD

CHAIRMAN'S STATEMENT



Shri Mantosh Sondhi

Ladies & Gentlemen ,

On behalf of the Board of Directors and on my own behalf, I extend to you all a very warm and cordial welcome to the 2nd Annual General Meeting of your Company. The Notice convening the meeting, the Directors' Report and the Audited Accounts for the period ended March 31, 1991 have been with you for sometime now and, with your permission, I shall take them as read.

The Annual General Meeting is always an appropriate occasion to take a brief look at the state of our economy with particular reference to our businesses. Such a survey assumes additional significance considering that we are now at the threshold of Eighth Five Year Plan.

Economy

The year that has rolled by has been one of trials and tribulations for the nation. While the production trends in agriculture and manufacturing industries were generally satisfactory, the situation on the price-front and in respect of the balance of payments was disturbing. The Gulf crisis and consequent sharp increase in oil prices had their impact on the import bill, exports and invisibles, and accentuated the pressure on the balance of payments and the inflationary forces. The changes in the Union Government in quick succession created apprehensions about political stability and ability of the Government to take decisive measures to manage the economy. In the context of the critical foreign exchange reserves position and absence of a stable Government, India's standing in the international money and capital markets was adversely affected, creating serious problems in the raising of commercial credits. The domestic turmoil and political troubles culminated in the most tragic assassination of

Speech by Shri Mantosh Sond the Annual General Meeting c Company held on September 3 at New Delhi.

Shri Rajiv Gandhi, the former Prime Ministe in the prime of his youth.

New Economic & Industrial Policies

Against this backdrop of uncertainty and cris threatened to engulf the economy, the bo initiatives taken by the new Government the economy out of the present critical ph welcome. The exchange value of the Ru been brought down to a realistic level vis-a major currencies of the world, to prevent flight, to give fillip to exports, discourage ine imports, and attract capital inflow, particula Non-Resident Indians. The trade policy h been readjusted to reinforce the advantages from the devaluation of the Rupee. The new I Policy has brought structural changes to mov from a command and controlled pattern of of the economy and of ad-hocism to a con and market oriented economy. The diverse c introduced will help in the formulation of a lo integrated policy, which will usher in rapid of the economy. The abolition of threshold MRTP Companies and a license-free regi higher ceiling on foreign equity would also speed up economic growth and make India player. I sincerely hope that the new Gov would keep up its efforts in the direction of libe the economy from the stranglehold of bure controls, which had so far thwarted and thro growth. Thus, while there may be difficultie short-term, the long-term outlook is definitely b

Equity Shares

As stated by me at the Extra-Ordinary Meeting of the Company held in January th 19,792 equity shares of Rs. 10/- each in the C credited as fully paid, representing fractiona were sold after the Company's results for t ended March 31, 1991 were available. N proceeds thereof have been distributed shareholders entitled to such a fractional shar in proportion of their entitlement. Your Co shares now, apart from Delhi and Calcutt Exchanges, are also listed in Bombay Exchange.

Review of Operations

During the year ended March 31, 1991, your C on a turnover of Rs. 360 crores earned

Rs. 12.1 crores. The net profit after on and tax was Rs. 6 crores, which was for appropriation. On an equity base of crores, this represents an EPS of Rs. 10.50 ash EPS of Rs. 21. This is much better nce as compared to the last year. Because roved results, your Directors have nded a dividend of 20%, keeping in mind mmitment to reward the shareholders ly and enabling them to share in the y of the Company.

r thrust and focus is on consolidation of the operations. The Management view is that siness should be self-sustaining and a leader n sphere of activity. As a part of consolidation wth, your Company is studying investment around Rs. 150 crores for accelerating n its present activities of Textiles, Fertilisers, ls and Cement.

les

mpany's Textile Division consisting of ra Bharat Mills and DCM Silk Mills is being red to make its constituents independent nerating entities in the next 2 to 3 years. ese Mills have historically lost over Rs. 5 er year. The Company has made short-term -term plans to revive the Textile Operations.

art of this, proposals for modernisation/ on/rationalisation of some of the existing ns of SBM/Silk Mills are under ntation. To tide over the problem of excess er, we are trying to reduce the manpower in a manner fair and equitable to all.

mpany has its presence in foreign markets A, Europe, South Asia, Africa and USSR. mpany has plans to further strengthen its

liser Business

tiliser Group consists of the Ammonia/Urea Fertiliser Plant operated at record capacity n during 1990-91, and the business is at doing well. The Management has started udies on a scheme to switch over to gas aptha as feedstock. In the meantime, the y is utilising its marketing network for sales ht-out DAP. The proposed reduction in the r Subsidy announced by the Central ment will improve the cash availability position ompany, because there are enormous delays eceipt of the subsidy from the Government. term, the Government has announced de- of Fertilisers, which is a very welcome thing. future, it appears there will be profitable on in this field.

micals Business

VC resin unit at Kota operated at its full . A detailed study is now being made on nology and capacity expansion of this unit. e Management is broadbasing and upgrading mpounds manufacture with the introduction products. Similarly, the Caustic Soda unit at ieved record capacity utilisation. The capacity austic Soda unit is planned to be substantially expanded along with a switch over from mercury to membrane cells, which will check pollution, increase efficiency and reduce power consumption. The Chemicals Business of the Company is doing quite well at present.

D. Cement Business

Cement unit at Kota also achieved record capacity utilisation and generated profits in 1990-91. Schemes for substantial expansion of the existing capacity and for reducing cost of manufacture are under consideration. The brand image for the Company's product is good and it is in high demand.

Power Plant

The PVC resin and caustic soda operations are power intensive. As such the availability of un-interrupted power to these operations becomes quite important. During the year 1990-91, the availability of power from RSEB was better.

The Company's existing Power Plant capacity of 45 MW at Kota is planned to be expanded to meet a substantial part of our requirement of 90 MW in due course. Various options in this regard are under consideration.

For each of the Business areas, I have just placed before you our tentative plan of action. To finance these proposals, the Company is formulating strategies and specific proposals in this regard would be placed before you for your approval at the appropriate time.

The Future

Your Company is well poised for another satisfactory year. In the 4 months period ended July 31, 1991, the turnover of your Company is higher at Rs. 117 crores as compared to Rs. 100 crores for the corresponding period last year. The profitability is also better. At this juncture, I can only say that in terms of operations and profitability, the current year should close on a satisfactory note. In conclusion, I would like to add that every effort is being made to make your Company strong, healthy and growth oriented.

Acknowledgements

I would be failing in my duty if I do not pay compliments to Mr. Ajay S. Shriram, the Managing Director and Mr. Vikram S. Shriram, the Deputy Managing Director. Although young in years, they are carrying very heavy responsibilities, which they are discharging with great deal of courage, deep sense of commitment and a professional competence of a very high order. They are very ably assisted by Mr. V.P. Agarwal and other Senior Executives.

Before I close, I would like to convey my sincere thanks to all our employees for the devoted manner in which they have worked, the Financial Institutions and our Bankers for their co-operation, the Government of India and the various State Governments for their support and encouragement and the most important of all, our shareholders, who have extended unstinting support to our endeavours.

Thank you.

Note: This does not purport to be a record of the proceedings of the Annual General Meeting.

PRESSMAN

Senior executive positions

A compilation of executive positions advertised in **India** and other major publications between 9 and 22

THE FOUR BEST JOBS

- GENERAL MANAGER (HRD) * Calcutta * *Sal* Rs.15,000 + flat + car with driver + perks * *Age/Qlfn* 38-45 years * Graduate engineer with MBA * *Reqd* Should be a top-notch professional * *Cont* HRD/BPA/3090, B.P. Agrawal, Chairman, ABC Consultants Pvt Ltd, 43/3, Hazra Road, Calcutta 700019 (BI - 16.9)
- VICE-PRESIDENT (Transmission Operators) * Pune * *Sal* Attractive + house + car * *Age/Qlfn* NS * Mechanical engineer + MBA * *Reqd* 15 years experience of which 5 years should be at a senior level * *Cont* Vice-President (Personnel), Kirloskar Pneumatic Co Ltd, Hadapsor Industrial Estate, Pune 411013 (ToI - 9.9)
- EXECUTIVE DIRECTOR (Marketing) * New D Excellent with perks * *Age/Qlfn* 40-45 years * Eng graduate with an MBA * *Reqd* Not less than 10 yea ence as all India marketing head dealing in consum bles * *Cont* EDM/DEL/1227, C/o V.P. Gulati Associate, ABC Consultants Pvt Ltd, 209 Megh Nehru Place, New Delhi 110019 (BI - 16.9)
- PRESIDENT * Maharashtra * *Sal* Excellent * *Age/* * Any discipline * *Reqd* 10 years at senior level * *C* Tibrewala, President, IFCM Counsellors, 721, Tar Market, Bombay 400034 (ToI 9.9)

WEST

- RESIDENT DIRECTOR * Bombay * *Sal* Delightful * *Age/Qlfn* NS * NS * *Reqd* Persons retired from civil service, public sector undertakings/financial institutions * *Cont* Nutech Financial Consultants (P) Ltd, 29 Whites Road, Madras 600014 (ToI - 16.9)
- EXECUTIVE DIRECTOR (Corporate Finance) * Bombay * *Sal* Attractive * *Age/Qlfn* 37-42 years * CA or MBA (Finance) * *Reqd* 15 years experience in a similar position * *Cont* The Chairman, House of Patels, 52 Hill Road, Bandra (West), Bombay 400050 (ToI - 9.9)
- SENIOR VICE-PRESIDENT TECHNICAL * Raigad, Maharashtra * *Sal* * *Age/Qlfn* 45-52 years * Metallurgical/chemical/mechanical engineer * *Reqd* Senior level experience in construction/operation/maintenance of chemical, fertiliser and steel plants * *Cont* SIP/BPA/3095, B.P. Agrawal, Chairman, ABC Consultants Pvt Ltd, 43/3 Hazra Road, Calcutta 700019 (HT - 9.9)
- FINANCIAL CONTROLLER * Ahmedabad * *Sal* NS * *Age/Qlfn* 30-35 years * CA + MBA * *Reqd* Understanding of finance, costing, accounting etc. * *Cont* S.K. Honda, Managing Director, Core Parenterals Ltd, Narayan Chambers, Ashram Road, Ahmedabad (ToI - 16.9)
- GENERAL MANAGER (Finance) * Bombay * *Sal* Attractive * *Age/Qlfn* 35-40 years * CA * *Reqd* 10-12 years managerial experience * *Cont* MS/5728, A.F. Ferguson Associates, Post Box 1786, Bombay 400007 (ToI - 16.9)
- CHIEF EXECUTIVE * Bombay * *Sal* No constraint * *Age/Qlfn* NS * NS * *Reqd* Experience in similar position in light engineering industry * *Cont* Box J 621-S, ToI, Bombay (ToI - 16.9)
- VICE-PRESIDENT MARKETING (Software Exports) * Bombay * *Sal* No constraint * *Age/Qlfn* Mid-30s * Preferably Engineering MBA * *Reqd* 10 years exposure to marketing and sales in office automation including 3 years as profit centre served * *Cont* Chanden Bathejgia, Chief Executive, The Concept, Counsel of Management Services, 67 White Hall, 143 August Kranti Marg, Bombay 400036 (ToI - 16.9)
- GENERAL MANAGER (Operation) * Pune * *Sal* Attractive * *Age/Qlfn* 35 years * B.Tech/M.Tech with diploma in management * *Reqd* 10-15 years experience with 5 years in senior position * *Cont* Box J615 K, ToI, Bombay 400001 (T
- COMPANY SECRETARY * Bombay * *Sal* No co *Age/Qlfn* NS * CA/LLB, also qualified company se *Reqd* 10 years in similar job * *Cont* V.R. Tibrewala, IFCM Counsellors, 721 Tardeo A/C Market, Bomba (ToI - 16.9)

NORTH

- GENERAL MANAGER (Works) * Pithampur * *Sa* tive * *Age/Qlfn* 40-45 years * M.Pharm with qualifi management * *Reqd* 5 years as senior manager maceutical industry * *Cont* HRD Director, Nicholas tories Industries Ltd, Sion-Trombay Road, Deonar, 400088 (ToI - 14.9)
- PROJECT HEAD * New Delhi * *Sal* NS * *Age/Qlfn* * Chemical engineer * *Reqd* Around 20 years expe which at least 5 years in general management positio ganisations of repute * *Cont* Box No.AA/353/LO/1, India, 59 Regal Building, Connaught Circus, Ne 110001 (BI - 16.9)
- GENERAL MANAGER (Finance & Accounts) * N * *Sal* Terms negotiable * *Age/Qlfn* 35 years * CA/M nance) * *Reqd* Around 15 years experience of which years as an independent head of finance and account puted organisation * *Cont* Box No.AA/353/LO/2, India, 59 Regal Building, Connaught Circus, Ne 110001 (BI-16.9)

SOUTH

- GENERAL MANAGER (Works Process Industry) India * *Sal* Rs.2 lakh + house + car * *Age/Qlfn* E MBA * *Reqd* 15-20 years experience at senior levels i industries * *Cont* GMW/MDS/40, M. Madhusudha tor, ABC Consultants Pvt Ltd, 4 Khader Nawaz Kha Madras 600006 (ToI - 16.9)
- MANAGING DIRECTOR * Bangalore * *Sal* Att *Age/Qlfn* 45-50 years * NS * *Reqd* Currently in senio management profession, with profit centre respons *Cont* LBS/345, Mario Lobo, Managing Director, P Search Services, H.O. 71A Mittal Chambers, Narima Bombay 400021 (ToI - 16.9)

...utive positions

ToI — Times of India; *IE* — Indian Express; *H* — The Hindu; *S* — Statesman; *HT* — Hindustan Times; *ET* — Economic Times; *Econ* — Economist; *BI* — Business India

...IC

...HANDISING MANAGER * Delhi * *Sal* NS * *Age/* ...35 years * NS * *Reqd* 5-7 years senior management ...ce in leading buying houses/in marketing/sales divi... ...a leading government export manufacturer * *Cont* ...8, A.F. Ferguson & Co, Hansalya, Barakhamba ...New Delhi 110001 (H - 14.9)

...TY GENERAL MANAGER * Aurangabad * *Sal* ...itive * *Age/Qlfn* 25-30 years * BE/M.Tech preferably ...t in automotive engineering * *Reqd* 10-15 years expe... ...three wheeler industry in production * *Cont* Manager ... Greaves Cotton & Co Ltd, 1 Dr. V.B. Gandhi Marg, ... 400023 (ToI - 10.9)

... ENGINEER * Patalganga * *Sal* Competitive * *Age/* ...* Engineers * *Reqd* 10 years in a senior position in ...industry * *Cont* The Personnel Manager, Crompton ...mbay Central, Bombay 400008 (ToI - 14.9)

...HANDISING MANAGER * Delhi * *Sal* No con... * *Age/Qlfn* 30-35 years * NS * *Reqd* 5-7 years senior ...ment experience * *Cont* MS/5808, A.F. Ferguson & ...nsalaya, Barakhamba Road, New Delhi 110001 (ToI -

... DEVELOPMENT MANAGER * Bombay * *Sal* ... lakh p.a. * *Age/Qlfn* Below 40 years * Graduates * ... years field sales management experience * *Cont* The ...el Manager, Manco Industrial Ltd, Kanmoor House, ...Narsinatha Street, Bombay 400009 (ToI - 16.9)

... R MANAGER (Formulation & Development) * ...abad * *Sal* Commensurate with qualification and ex... * *Age/Qlfn* M.Pharm/Ph.D with specialisation in ...ceutical technology * *Reqd* 10-12 years experience in ... *Cont* General Manager (P&A), Cadila Labs Ltd, 244 ...an, Maninagar, Ahmedabad 380008 (ToI - 16.9)

...R MANAGER (HRD) * Bangalore * *Sal* NS * *Age/* ... years * Graduate/PG in arts/science/engineering with ... HRD/OD * *Reqd* About 15 years relevant work expe... ...a medium/large scale organisation * *Cont* The Direc... ...anpower Development Centre, Unity Building, III ...Tower Block, J.C. Road, Bangalore 560002 (H - 17.9)

...GER (Planning & Coordination) * Bombay * *Sal* Ne... + perks * *Age/Qlfn* 30-35 years * PG in management ... 5-8 years in materials management including 2 in se...sitions * *Cont* General Manager (Marketing), Pidilite ...ies Ltd, Ramakrishna Mandir Road, Andheri (E), ...4011 (ToI - 18.9)

...UNTS HEAD * National * *Sal* Commensurate with ...cation/experience * *Age/Qlfn* 32-37 years * ICWA * ...5 years including 2 in supervisory capacity * *Cont* ...92, Personnel Search Services, 3rd Floor, Sambava ...ers, P.M. Road, Fort, Bombay 400001 (ToI - 14.9)

... SALES MANAGER * West * *Sal* Attractive + incen... *Age/Qlfn* NS * NS * *Reqd* Preferably 5-7 years in con...durables including 2 in senior position * *Cont* Regional ...er, HMP Engineers Ltd, Mehta Mahal, 6th Floor, 15 ...w Road, Bombay 400004 (ToI - 14.9)

...UCT DEVELOPMENT MANAGER (Pharmaceuti- cals) * Thane * *Sal* NS * *Age/Qlfn* 35 years * M.Pharm/B.Sc. Tech * *Reqd* 12 years experience in a reputed pharmaceutical company in the development of new drugs * *Cont* The Director, Personnel & Administration, Searle (India) Ltd, 21 Damodardas Sukhadvala Marg, Bombay 400001 (ToI - 21.9)

OVERSEAS

- WORKS MANAGER * Kenya * *Sal* Attractive * *Age/Qlfn* NS * Chemical/electrical/mechanical engineer * *Reqd* 20 years including 5 as works/production manager * *Cont* Senior Executive VP, M/s Orient Paper & Industries Ltd, 9/1, R.N. Mukherjee Road, Calcutta 700004 (ToI - 15.9)
- PROJECT MANAGER * Saudi Arabia * *Sal* Attractive + perks * *Age/Qlfn* NS * B.Sc. in engineering * *Reqd* 10 years experience in computer technology * *Cont* M.R. Vadhar, Executive Director, Creative Management Consultants Services, 21 Atlanta, Nariman Point, Bombay 400021 (ToI - 15.9)
- BRAND MANAGERS * Middle East * *Sal* NS * *Age/Qlfn* Under 32 * Management graduate * *Reqd* 2-3 years of intensive experience in managing blue chip consumer brands in an international company * *Cont* A.F. Ferguson & Co, P.O. Box 1786, Bombay 400001 (ToI - 22.9)

Please turn over for

BUSINESS INDIA
APPOINTMENTS

Core Parenterals Limited is one of the fastest growing and profitable pharmaceutical Companies in India. Pioneering the manufacture of High Quality I.V. Fluids with worldclass technology, Core today, is the largest manufacturer of I.V. Fluids in India and is all poised to become one of the largest in the world. To achieve this objective Core is planning to implement manufacturing facilities at multiple locations in India and abroad. The Indian plants itself are likely to involve an investment of more than Rs.100 Crores.

The story of Core dates back to 1979 when a team of professionals launched CORE. Today Core has interests in Pharmaceuticals, Leasing and Finance, Computers & Consultancy. The Group Companies, Core Parenterals Limited, Core Laboratories & Enterprises Ltd. and Growth Finance Limited are all profitable and fast growing companies with an excellent track record. All are listed on the Stock Exchanges. The following figures give an idea about the Group's track record and growth plans:

Year	No. of People	Assets (Crore Rs.)	Income (Crore Rs.)
1985-86	90	1	1
1990-91	756	20	22
1991-92 (Estimated)	1100	35	40
1995-96 (Projected)	3500	175	250

CHIEF EXECUTIVE

PHARMACEUTICAL INDUSTRY

This is a Top Management position reporting directly to the Managing Director. The position involves responsibility for efficient and profitable management of the Company's existing level of operations and achieving growth targets. The Company is on the lookout for a young professional, around 35 years, possessing a formal background in Engineering and Management, and having a multi-disciplinary experience.

Core is a highly efficient, innovative and result-oriented organization. The average age at Core is around 35 years. There is a high degree of enthusiasm & motivation across the Company. Therefore this position requires a person possessing a high level of Managerial Calibre and capable of providing dynamic leadership to the Company.The Company is open to selecting and grooming a person not yet ready for the position but has the potential and desire to be so groomed. The Company offers attractive financial package including profit sharing.

Those interested may send their letter of interest with complete personal and professional profile and a passport size photograph to Mr. S.K. Handa, Managing Director. All correspondence shall be kept highly confidential.

CORE PARENTERALS LIMITED

Narayan Chambers, Ashram Road, Ahmedabad-380 009
Tel. 78265/6, Telex 0121-6694, Fax: 0272-79578



Be free to grow...



...Because we believe that if you gr we grow ourselves.

If you are a visionary professional who needs the opportunity to exercise that individualism which will enable you to translate your vision into reality, here is a spearhead company in electrical and electronic control products and systems that needs top drawer people like you who can grow in it and with it.

Breaking new ground, Bhartia Cutler-Hammer's new projects include a factory automation devices and systems plant as well as new manufacturing facilities for state-of-art control gear devices. These projects are being implemented in collaboration with technological leaders from Japan, Europe, and the USA.

We offer professionals with a penchant for excellence leadership qualities, an emolument package that will be superlative working environment, career growth opportuni objective performance appraisals and personnel policie sensitive to individual dignity and needs.

Chief of R&D

You will work with and report to the CMD. You shall be re managing and directing the research functions of the cor will include the acquisition and application of the la technology, to provide operational and corporate manag

v of technological investment options, and provide alternatives through leadership and staff motivation.

ccess to the resources and experience available with our ociates in organising and managing meaningful research

a Masters or Doctorate in Engineering together with a rack record of competence in technical disciplines other ered by your post graduate degrees. You will have had at experience in product/process research and/or product hich has involved significant applications of the latest

be from a leading research & development organisation private or public sector, defence or other Government you will presently be heading an R&D group with a ecord of excellence.

f Marketing Operations

esponsible for managing and directing the marketing the company, as well as for recommending and marketing policies to achieve corporate goals. You shall oduct opportunities and ensure that company products eeds that they are competitively priced, and are marketed riate channels in a time-bound manner.

n Engineering Graduate, preferably with a post graduate keting, with at least 10 years experience in marketing ucts, and shall presently be leading a team of marketing

f Engineering

esponsible for managing and directing the functions of velopment engineering, material standards and drafting. ide design and technical support which will meet defined ds. Working in liaison with manufacturing, accounting and ou shall be responsible for cost effectively manufactured vely priced design development.

Bachelor or Masters in Engineering (Electrical/Electronics) 15 years experience in product research or product that has involved a significant application of the latest Whether from a leading private or public sector t will be essential that you shall have headed engineering n outstanding record of excellence.

of Export Market pment

esponsible for handling exports as an independent profit ill also be responsible for business generation, including export and counter trade/imports.

You will have at least 10 years experience in exports, and personal contacts with agents/trading houses in India and abroad.

Materials Controller

You will be responsible for the complete materials management function of the company, managing and directing all activities relating to procurement, vendor development and indigenisation, imports, stores and warehousing as well as production planning and scheduling.

You will also be responsible for ensuring the successful implementation of an MRP on-line computer system, critical to company operations. You should have sound commercial acumen with strong managerial and leadership capabilities to ensure integration of various material management activities.

You will be an Engineering Graduate, with preferably a post graduate qualification in materials management, and more than 12 years experience in a light engineering manufacturing industry. You will have been heading the materials management function of a company for the last few years.

Business Managers (3)

If you have entrepreneurial flair, your skills are needed to head independent profit centres. You shall be responsible for managing and directing market development, sales application, engineering, project execution, after-sales-service and effective sales realisation to achieve corporate goals at the profit centre of your choice from the list below :

- **Factory Automation Systems**
- **Industrial Drives**
- **Industrial Traction & Resistors**

You must be an engineering graduate with at least 7 years experience in Marketing/Sales/Application Engineering/Project Management. You shall have strong business skills, exceptional initiative and leadership qualities. You will be accountable for project performance and effective cost control.

Please mark your envelope 'Personal' and also give the title of the position applied for. Then mail your application within 10 days to :

Human Resources Department, Bhartia Cutler-Hammer Limited
1101, New Delhi House, 27 Barakhamba Road, New Delhi 110 001

BHARTIA CUTLER-HAMMER LIMITED

SAMCOR GLASS LIMITED

Samtel – the country's largest manufacturer of Television Picture Tubes – now promoting SAMCOR GLASS LIMITED at Kota, as a joint venture wi CORNING GLASS WORKS, USA for manufacture of Television Glass for TV Picture Tubes. This is a 400 crores project to be implemented in two phases of Rs. 200 crores each approximately. Samcor aims to become a world class manufacturer by adopting the most modern, state-of-the-art technology and management practices. Applications are invited for :

VICE-PRESIDENT (FINANCE) – DELHI

The incumbent will be overall incharge of finance & accounting functions and will participate in corporate policy formulation. He will be responsibl for senior level liaison with Banks and Financial institutions, accounting and control systems, tax planning, funds and cash flow management.

The position reports to the President of the Group. Selected candidate will be a Chartered Accountant with around 20 years of experience, out of which 10 years should be at a senior level. He should have the personality and articulation to deal effectively with our foreign collaborators concerning financial matters. Persons having previous experience in raisin funds independently from public and financial institutions shall be given preference. Salary and Perks will be excellent and would compare with the best in the industry.

Please apply within 10 days with complete bio-data to :

The Director,
Samcor Glass Limited,
50-51, Community Centre,
New Friends Colony,
NEW DELHI-110 065.

ASSOCIATE VICE PRESIDENT
(FINANCE)

mbay

Excellent salary + house + car + senior perquisites

vell known multinational company, with multi-divisional operations and rrent sales turnover in excess of Rs.150 crores, wishes to recruit an out-nding professional as Associate Vice President (Finance). The company s an excellent financial track record and its products are market leaders their respective categories.

e incumbent would be responsible for the finance function including fi-ncial accounting, budgeting, management accounting, costing and rks accounting, treasury management and taxation. He would be ex-cted to lead a team of high calibre finance professionals. **Prospects of ther growth are very good.**

plicants must be CAs, preferably with additional qualifications in man-ement, with at least 12 years post-qualification experience with reputa-e manufacturing companies. A strong personality, with leadership and erpersonal skills, good communication ability and high energy level are sential pre-requisites for the job.

eferred age: 35-45 years.

e compensation package is excellent and includes housing, car and the ual senior management perquisites.

Please apply in strict confidence (Ref. MS/5729) within 10 days to:

A F Ferguson Associates
P O Box 1786
Bombay 400 001

Room at the Top

MANAGING DIRECTOR

A diversified industrial group having a turnover of about Rs. 150 crores needs a suitable candidate who can scrutinise and select a listed company for take-over.

The group is interested in investing about Rs.10 crores for taking over the company.

The incumbent will be made the MANAGING DIRECTOR of the above company after the take-over.

Please respond in strict confidence to:

Box No: AA/354/LN/4
Business India
59, Regal Building
Connaught Circus
New Delhi 110 001.

ASTRA-IDL

lients are a joint venture between Astra Pharmaceuticals A.B. of Sweden, world vned for its research products; and IDL Chemicals Ltd., Hyderabad. Our clients a history of steady growth and profitability. The expected turnover for the current s Rs. 30 crores. The company has to its credit several successful products that the patronage of the medical profession.

ave been retained by our clients to assist in the recruitment of a:

MANAGING DIRECTOR

(LBS/345)

e located at **Bangalore.** Our clients' Registered Office and factory are situated in atåka.

elected person will provide leadership and direction to the company's activities. He will eptualize strategic growth and oversee the implementation of business plans. He will a major role in enhancing the company's presence in the market place.

re seeking a high-calibre pharmaceutical industry professional, with strong business and mercial acumen, in the age bracket of 45-50 years with substantial achievements to his it and an outstanding track record. He should currently be in a senior general agement position, with profit centre responsibility.

compensation structure is designed to attract the best possible talent and is plemented with generous top management perquisites.

se apply in strict confidence, superscribing the envelope with the above Ref. No., in 10 days, to **Mr. Mario Lobo,** Managing Director at:

PERSONNEL SEARCH SERVICES
71-A Mittal Chambers, Nariman Point, Bombay-400 021.
Tel: 2874164, 2027859.

Clamar

Shilpatsi

AMBU
CEME

Shilputsi Consultants have been retained to recruit

DIRECTOR – INDUSTRIAL RESEARCH & DEVELOPMENT

Gujarat Ambuja Cement is a leader in cement industry with many firsts in manufacturing and marketing to its credit. The success has been possible by virtu of the team efforts of its employees at all levels. The company encourages its staf to pursue innovative ideas, take risks and gives freedom and authority to take decisions. This work culture has resulted in achievement of capacity utilisation at 140% and energy consumption which is lowest in Indian cement industry.

The company has a Research & Development Centre recognised by the central government and now invites an outstanding professional to head this department The position is at the company's works at Ambujanagar, Kodinar near Veraval in Gujarat.

The job: The Director – IR & D will be responsible for leading the team of research scientists and engineers in the area of cement manufacture and applications. He would also explore opportunitie for developing products/processes in the field of building materia and related areas.

Qualifications: Post graduate in chemistry or chemical engineering with 15 to 2 years of experience in industrial research. Candidates with a doctorate will have an advantage.

Remuneration: Remuneration will not be a constraint for the right candidate. Furnished accommodation will be provided in the residential complex at the company's works.

Please write in strict confidence to –

Ms. Pratibha Sheth
Executive Director
Shilputsi Consultants
Post Box No. 9386
Bombay-400 026.

ny a successful company ith proven professionals still needs more



The business environment is continually changing. This requires successful companies to adapt creatively to meet the challenges of change. Deepak Nitrite selects and nurtures the best of talents and provides a conducive environment to meet these challenges. It is, ultimately, this commitment to its people that distinguishes a great company from a good company:

GENERAL MANAGER – MATERIALS
(DNL/31)
Baroda

The incumbent will have total responsibility for the materials function for all divisions of the company. Prime responsibility would be efficient procurement of raw materials, engineering items and plant & equipment. Maintaining inventories at an optimal level and vendor liaison would be other areas of responsibility.

We are looking for an Engineer with a post-graduate qualification in management and around 15 years of relevant experience in a large/medium multi-divisional company. A high degree of initiative, innovativeness and sound commercial acumen are pre-requisites for this position.

Preferred age: Around 40 years.

Please apply within 10 days superscribing the envelope with designation and code to:

Chief –
Organisation Development & Co-ordination
Deepak Nitrite Limited
Shivshakti, B.G. Kher Road
Worli, Bombay 400 018.

Deepak Nitrite Limited
A determined drive for excellence

MISC

Madhya Pradesh Iron & Steel Company, a Unit of Hindusthan Development Corporation Ltd.,is setting up a mini steel plant at Malanpur near Gwalior. The plant is in Technical Collaboration with M/s. Hamburger Stahlwerke (Germany) and would be amongst the most modern mini steel plants in India. It will be equipped with 70 t UHP/EBT-EAF, LF, VD/VOD, 4 Strand CCM with EMS, High Speed Bar Cum Wire Rod Mill, Bell Annealing Furnaces, Tonnage Oxygen Plant, Lime Plant etc.

We require following personnel for our MARKETING DIVISION at Delhi:-

1) **General Manager (One)**

The person we are looking for will head the Marketing Division and will be responsible for the marketing, including export, of entire production of 300,000 tpa of Alloy and Special Steels. He should be a Graduate Engineer (preferably Metallurgical) from an Institute of repute with post-graduate Degree/Diploma in Business Management/Marketing. Experience of around 20 years in Steel industry is desirable of which at least 10 years should be in a senior position in the field of marketing of Special and Alloy Steels.

2) **Managers – Straight Lengths & Wire Rods (One each)**

The incumbents will be responsible for the marketing of Straight Lengths (Bars/Rounds/Flats) and Wire Rods. They should possess Degree in Engineering from a premier Institute. Post-graduate Degree/Diploma in Business Management/Marketing will be an added advantage. Experience of around 15 years in Steel industry is desirable of which at least 10 years should be in the relevant field of marketing of Special and Alloy Steels.

Salary and perks are negotiable and will not be a limiting factor for the right candidate. Please apply with complete bio-data within 15 days to:-

President,

Madhya Pradesh Iron & Steel Company,

'Arunachal', 9th floor, 19, Barakhamba Road,
New Delhi-110 001.

We are a rapidly growing automobile ancillary industry with progressive outlook. We are looking for dynamic persons to occupy the positions of

Rane

GENERAL MANAGER/MATERIALS & ADMINISTRATION

Location: Madras **Age:** 40/45 years

This is a Senior Position reporting directly to the Chief Executive of the company.

Qualification/Experience:

A degree in Mechanical Engineering with Post Graduate qualification in Materials Management or General Management would be essential.

Automobile industry background and familiarity with computerised material accounting and storage systems would be preferred.

Familiarity with import and excise procedures is a must. Preference will be given for a background which includes, extensive handling of Administration/Personnel functions.

Minimum of 15 years of experience is required in Materials Management/Personnel Administration function of which atleast 5 to 7 years should be in a Sr. Managerial Position in a medium to large sized organisation.

Responsible for:

The integrated functions of Materials Management including Purchase of Direct/Indirect Materials with critical accent on Vendor/Ancillary Development. The incumbent is required to ensure a high level of cost effectiveness in the operations involved.

Heading a team of experienced professionals and effectively co-ordinate their activities to provide the required support to the Manufacturing and expanding development activities of the company. Introduction of latest Management methodologies like JIT and Accreditation for ISO 9000 shall be ably assisted by the Materials function.

The position is to guide the Personnel and Administration functions of the company also through the team engaged in it by providing the necessary policy guidelines and support apart from detailed approach to participative management, improved IR and continual improvement plans.

DIVISIONAL MANAGER/ MANUFACTURING DEVELOPMENT

Location: Madras **Age:** 40/45 years

Qualification/Experience:

A degree in Mechanical Engineering with Post Graduate qualification in Production Engineering or Tool Design is essential.

A minimum of 15 years experience in Manufacturing Engineering and extensive exposure to current manufacturing technologies including CNC equipment selection/operation, cellular cocept in manufacturing, current trends in process/tooling technology and development of cost effective SPMs is required. Atleast 5 years of this experience should be in a Sr. Managerial position heading the Manufacturing Engineering Department of a light engineering industry.

Exposure to CAD/CAM will be a distinct advantage.

Responsible for:

Detailed process planning and establishment for components/assemblies, guiding a team of Tool Engineers/Designers, try out new equipments and processes apart from trouble shooting on shop floor process problems and organising of productivity improvement exercises against targetted time/cost goals.

The position reports to General Manager – Operations.

Remuneration:

The above posts carry an attractive remuneration package including perquisites like company car, telephone, HRA, LTA and other benefits.

Please apply in confidence with complete bio-data and recent passport size photograph superscribing the envelope with the post applied for within 10 days to

Director & Chief Executive
RANE (MADRAS) LIMITED
61 Velacheri Road Madras 600 032

RPS/RML-52

Our client is a professionally managed industrial /consumer products company, with its units located in A class cities in Northern India and has substantial growth plans.

They require the following professionals:

ASSISTANT FINANCIAL CONTROLLER (RT/11/91)

The incumbent should be a Chartered Accountant/Cost Accountant and a Company Secretary with 10-12 Years experience in a professionally managed company. He would assist the Financial Controller in all finance and accounts functions of the Company, including Secretarial Services and allied fields.

COMMERCIAL MANAGER (RT/12/91)

The incumbent would be responsible for Purchase, Stores, Exise, Despatches and SalesTax. Candidates should be preferably post graduates in Materials Management with a minimum of 6-8 years of similar experience in a reputed organisation.

MARKETING MANAGER EXPORTS (RT/13/91)

The incumbent would be required to initiate and develop the exports of the Company's products.The position would involve active overseas market development, gathering market intelligence,designing and executing marketing and sales strategies etc.Candidates should be MBA'S/post graduates in marketing Management, preferably with an engineering background and should have 8-10 years experience in industrial/consumer selling.

MANAGER-MAINTENANCE (RT/14/91)

The incumbent would be responsible for the complete preventive and breakdown maintenance of the entire plant, Candidates should be B.E. (Mechanical) with 8-10 years of experience, a minimum of 4 years being in a similar capacity. Experience in preventive maintenance of heavy duty machinery, and utilities would be preferred.

ASSISTANT MANAGER-ELECTRICALMAINTENANCE (RT/15/91)

Candidates should be Diploma holder/B.E. in Electrical Engineering. Should have 5-7 years experience of DC Control panel, thyrister control system and Heavy Duty Motors. Knowledge of preventive maintenance and control circuits is a must.

ASSISTANT MANAGER-PRODUCTION (RT/16/91)

Candidates should be B.E. with a minimum of 6-8 years of relevant experience preferably in an engineering unit. He would be responsible for ensuring the production targets are met and would assist the Production Manager in all activities of the department.

DEPUTYMANAGER-SYSTEMS (RT/17/91)

The candiates should be MCA or graduate with diploma in Computers and have minimum years experience in software development in large business organisation. Experience dBASE III and/or LAN environment engineering and /or Business Management sh also be given due weightage.

For all above positions, candidates should be in the age group 35-45. An attrac remuneration package awaits the right candidates.
Please send in your detailed resume along with a recent passport size photog superscribing the envelope with the relevant code to:

SATYA SONS SERVICES LTD.
Sheetla House, Ist Floor, 73-74, Nehru Place
NEW DELHI-110019

satya group

PIDILITE

are a member of an expanding Group having turnover exceeding Rs. 120 crores manufacturing marketing a variety of CONSUMER PRODUCTS, SYNTHETIC ADHESIVES, PIGMENTS, FACTANTS and SPECIALITY CHEMICALS.

We Require

ENERAL MANAGER NANCE CUM COMPANY CRETARY

nbay — **Salary negotiable + Car + Driver + Perks**

E JOB

be in charge of functions relating to finance, king and company law. Will be required to ntain close liaison with Banks, Institutions, t. Authorities etc., and explore various rnatives for raising finance, including public es.

ALIFICATION & EXPERIENCE

ndidates should be CA/MBA (Finance) in ition to being qualified as a Company retary with around 15 years experience in ted areas out of which at least 5 years must n a responsible senior position in a nufacturing company.

E

und 40 to 45 years.

GENERAL MANAGER MATERIALS

Bombay — **Salary negotiable + Car + Driver + Perks**

THE JOB

Will head the materials dept. and take charge of all aspects of the materials function including planning, procurement of all materials (local as well as imports), vendor development and evaluation, inventory control etc.

QUALIFICATION & EXPERIENCE

Candidates should preferably have post graduate qualifications in Materials Management and around 10 years experience in related area out of which atleast 3 years must be in a similiar position.

AGE

Around 35-40 years.

The positions offer ample growth prospects in terms of career and compensations.

Please apply in confidence to —

Director
DILITE INDUSTRIES LIMITED

nkrishna Mandir Road
dheri (East)
MBAY 400 059.

CATALYST/PDIL/1931

FEVICOL®

We are a rapidly growing Consumer Products Company with a turnover of Rs. 105 crores. Our products include top-of-the-line brands like "PARACHUTE", "SAFFOLA", "SWEEKAR" and "HAIR & CARE" and we have plans to launch many more. Our products are distributed through a nation-wide network comprising of over two lakh outlets.

We require at our Corporate Office in **Bombay**:

MARIC

SALES DEVELOPMENT MANAGER

The Sales Development Manager will be required to provide overall direction and thrust to the following identified areas of focus:

- ★ **Sales training of our sales teams.**
- ★ **Institutional sales nationally.**
- ★ **Rural promotion.**

Persons responding to this advertisement should be Graduates below the age of 40 years, with at least six years Field Sales Management experience in a consumer products company, preferably with a few years of direct sales training experience. Communication skills of an exceptional order will be a pre-requisite.

Gross emoluments are negotiable — around Rs. 1.25 lakhs per annum. Hous Bombay could be considered. Please send in your resume giving details of qualifications and work experience within 10 days to:

THE PERSONNEL MANAGER

M A R I C O I N D U S T R I E S L T

KANMOOR HOUSE, 281/87 NARSI NATHA STREET, BOMBAY 400 009.

WELCOMGROUP
REQUIRES

CHIEF ENGINEERS, PROJECT/ASSISTANT ENGINEERS AND ROJECT PERSONNEL (FOR INTERIOR WORK).

lcomgroup (the Hotels Division of ITC Limited), wishes to recruit the following gineering/project personnel :

HIEF ENGINEERS : Candidates should be in the age group of 30 to years with a degree in Mechanical or Electrical Engineering from a reputed institute h a minimum of 8 years of experience.

ROJECT/ASSISTANT ENGINEERS : Graduates in Electrical or echanical Engineering from a reputed institute with 3 to 10 years of relevant work perience. Age : 25-35 years.

ROJECT PERSONNEL (FOR INTERIOR WORK) : egree/Diploma with 2 to 3 years of experience in interior work of five-star hotels or milar assignments. The job involves the selection, installation and maintenance of all ectrical and mechanical equipment used in the operation of a modern hotel including e-fighting equipment and requires a basic knowledge of civil engineering and interior ecoration. Prior experience in Hotels, Hospitals or Merchant Navy preferred. ge : 22-27 years.

alary and perquisites will be commensurate with the candidate's experience and otential.

ease apply with an exhaustive bio-data within 10 days to :

eneral Manager, Human Resources, Welcomgroup Hotels, Post Bag No. 5228, ew Delhi-110 021.

Tata Elxsi is the exciting new Tata company which is bringing to India some of the world's most advanced multi-processor RISC-based systems. We now need professionals who can support these powerful machines, in terms of hardware as well as software. Helping turn superior technology into customer satisfaction.

Customer Engineering Specialists/Senior Customer Engineers/Customer Engineers

You will be responsible for supervising and approving installation requirements and customer requirements and installation and acceptance of software. You will also be involved in technical presentations, demos and benchmarking.

Development of specific application packages for customers will be part of the job.

You would be MCA/post graduate in science and maths with specialisation in computer science or a graduate engineer in computer science with 2-8 years experience. Knowledge of ORACLE or other RDBMS and UNIX is a must. Experience in CAD/CAM applications on engineering workstations will be an advantage.

Tata Elxsi needs professionals who look at support from the customer's point of view.

preventive & corrective maintenance of hardware. You will also be responsible for giving the best response time and to ensure high uptime of installations.

You would be a graduate in Electronic/Computer Engineering with 2-8 years experience and close familiarity with hardware. Experience in handling mainframe systems will be an advantage.

Customer Support Specialists/Senior Customer Support Executives/Customer Support Executives

You will be responsible for study of

If you think you are the kind of person we are looking for, call or write within 10 days to:

Mr. K. Kuppuswamy, Manager – Services, Tata Elxsi (India) Ltd., 144, Subharam Complex, Bangalore 560 001. Phone: 544163.

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Superpower for computing

SENIOR EXECUTIVES
TEXTILE

ell-established professionally-managed Company multi-product business activities has career rtunities for the following professionals in its ile operations near **Delhi.** The Unit, which is ern and technologically updated, manufactures, iets and exports **fine & Superfine** qualities of on/blended yarns & fabrics.

WORKS MANAGER

Works Manager will have overall responsibility for efficient & profitable management of the plant. He e required to lead a team of Managers towards mizing capacity & manpower utilisation, raising uctivity & quality standards, technology ovements & cost reduction. He will closely co-ate with Marketing on customer satisfaction and uct development.

ncumbent should preferably be a **Textile/Engg. uate** with 15-20 years relevant experience in e industry with a record of achievements.
40- 45 years.

MARKETING MANAGER

Marketing Manager will be responsible for oping & executing Marketing strategy for ncing the market share of the existing products, ating competition, exploring untapped markets, ifying changing customer needs & launch of new ucts.

incumbent should preferably be a **Textile uate,** with an MBA degree. Minimum 10 years rience in aggressive marketing with sound rstanding of the elements of Marketing Mix is cted. Age **35-40** Years.

elected candidate for the above positions will have potential for growth besides an attractive neration & benefits. Please send your detailed r Profile within 10 days to Box No. AA/354/SD/2, **ess India,** 59, Regal Building, Connaught Circus, Delhi 110 001.

REGIONAL MANAGER

BOMBAY

A professionally-managed & reputed Company with multi-business operations of Rs. 200 crores has career opportunity to head its Regional Office at Bombay.

The **Regional Manager** will be required to closely co-ordinate & assist the various operating Units & Divisions on Import-Export matters, commercial functions e.g. Sales, Purchase, Liaison with various Government Bodies & Financial Institutions, besides overseeing Office Administration & Accounts.

MBAs from reputed Institutes or with equivalent qualifications in International Trade having **12-15** years relevant experience, preferably with independent exposure at senior level will be given preference.
Age: **35-40 Years.**

An attractive compensation package is envisaged and candidates with own accommodation in Bombay will be preferred. Please forward your Bio-data to:

Box No. AA/354/DN/3, **Business India,** 59, Regal Building, Connaught Circus, New Delhi 110 001.

WE SELL
RS. 150 CRORES WORTH OF CATERPILLAR EQUIPMENT & ENGINES, HINDUSTAN MOTORS EARTHMOVING MACHINERY AND INTAC DIESEL ENGINES.

JOIN US, *IF* YOU CAN SELL MORE.

GMMCO can provide you with just that kind of opportunity to complete your metamorphosis as a marketing maestro.

GMMCO is part of a large industrial house: market leaders in Earthmoving Machinery, Diesel Engines, Medical Electronics, Aviation Industries and Engineering Consultancy. As the dealer for Caterpillar, GMMCO has a national network for the marketing and after sales service of its products.

The positions to be filled are in GMMCO's Engine Power Systems Group.

MARKETING MANAGER
(Bangalore)

The right candidate would be between 32 and 35 years of age.

A graduate in Engineering or a post graduate in Statistics, with MBA from a reputed institute. He would also have 8 to 10 years' product management experience in the consumer durables or engineering industry. In his new capacity, he would formulate and implement sound marketing strategies and develop new markets. Naturally, he would be a result-oriented self-starter. He will report directly to the General Manager.

AREA SALES MANAGER/ ASST. SALES MANAGER (Nagpur, Baroda, Vizag, Coimbatore & Bangalore)

The right candidates would be between 29 and 32 years of age. A B.E. in Mechanical/Electrical Engineering, with 7 to 9 years' experience in marketing industrial products for a reputed company. Preference would be given to those with experience in capital goods. Selected candidates would be responsible for the implementation of marketing plans, and the achievement of sales objectives in their territories. They will lead and motivate field personnel,and manage the field operations efficiently.

Interested candidates may write in within 7 days, superscribing the envelope with position and location, to:

The Personnel Manager,
General Marketing & Manufacturing Company Limited,
Engine Power Systems Group,
Mahalakshmi Chambers
29, MG Road, Bangalore 560 001.

Or

contact over telephone: 544626, 544666, 544333, 544616

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D C M Group is operating in diverse areas like Electronics, Engineering, Automobiles, Chemicals, tiles and Real Estate Development. There are major diversification and expansion projects on anvil and enviable growth plans under implementation.

our large spinning unit, situated at Hissar (app 150 kms from Delhi), we are looking for fessionals of an exceptional calibre.

SENIOR PRODUCTION MANAGER / WORKS MANAGER

is a senior management position and will have the complete responsibility for all manufacturing erations. The incumbent would be responsible for production targets and quality standards and uld have atleast ten years of experience in a Spinning mill or in the spinning department of the mposite mill.

MILL ENGINEER / SENIOR MANAGER / MANAGER

position is to head the Engineering and Maintenenance operations. Prior experience in the ineering department of a Textile Mill/Spinning Mill is essential. We are looking at a B.E. (Electrical) a minimum of ten years of experience.

STORES & PURCHASE MANAGER

incumbent shall be overall incharge of consumable/spare parts, purchases and inventory trol. Knowledge of tendering and vendor development to ensure economical and best chases is desirable. Knowledge of inventory control methods is essential. Candidates should be mmerce Graduates / Post Graduates having relevant experience in the Textile Industry erably.

Compensation and perquisites are designed to attract the finest talent in the country.

Company provides excellent housing and living ameneties with complete recreational ities.

ar has good educational institutions.

se apply within ten days to :

eral Manager H R D
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Delhi - 110001

PARTHA S GHOSH & ASSOCIATES

Partha S Ghosh & Associates is a Management Consultancy firm, headquartered at Tokyo, with international presence. It primarily assists Corporate and Government leaders globally, to design, initiate and manage strategic and organisational change programmes. It is currently involved: (i) in helping major corporations design global strategies and organisation, manage technologies, improve productivity and build quality awareness and (ii) in working with political and bureaucratic leaders design national policies on industrial development, economic co-operation, privatisation and foreign direct investment development across national boundaries.

It requires Consultants who have ambition to develop themselves as world class problem-solvers and in the process help leaders of organisations address complex issues, and have the integrity and tenacity to make things happen.

CONSULTANTS International

The candidates will be analytically strong, with willingness to take on bold challenges. High-level professional qualifications and impeccable background essential; 5 years' senior-level consulting experience in a large organisation desirable. Other requisites are: excellent written and oral communication and computer skills.

The firm is also looking for **LADY SECRETARIES** to be posted internationally, possibly at Tokyo. The selected candidate will have to acquire working knowledge of Japanese, in the first three months, before taking off to Tokyo.

The job offers accommodation facilities at Tokyo and opportunities for International travel. It is a three-year contract and the selected candidate can expect substantial savings. Please write in strict confidence with complete bio-data and photograph to:

The Director
PARTHA S GHOSH & ASSOCIATES PRIVATE LTD.
34, Mittal Chambers, Nariman Point, Bombay 400 021
OR
PARTHA S GHOSH & ASSOCIATES
Suite 403, 2-1-13 Takanawa Minato-ku, Tokyo 108

CONSUMER MARKETING & SALES PROFESSIONALS

MIDDLE EAST

Our client is part of one of the world's leading organisations in the fast moving consumer goods business and they manufacture and market strong global brands. Due to expansion, vacancies have arisen in the Arabian peninsula for top quality Sales and Marketing people.

BRAND MANAGERS (MS/5730)

Successful candidates will be preferably management graduates and have 2 to 3 years of intensive experience in managing blue-chip consumer brands in an international company. Field sales experience will be a distinct asset. Age under 32.

SALES MANAGERS (MS/5731)

Successful candidates will be preferably management graduates and have 2 to 3 years experience in field sales management of consumer brands in an international company. Age around 30.

ASSISTANT MANAGERS (MS/5732)

Successful candidates will have advanced from entry/field level positions to a supervisory level in the sales/marketing functions in reputed organisations in the fast moving consumer goods industry or in accounts management in advertising agencies. They should have around 10 years experience and be able to demonstrate potential for advancement into Sales/Brand management. Age around 35.

All these vacancies provide a tremendous opportunity for a longer term career in the Middle East. The entry standards are high but career opportunities are commensurate. Training is excellent and the best will have the opportunity for further international secondment. All candidates must be prepared to relocate within Middle East as their career develops.

Please apply in strict confidence within 10 days to:

A.F. Ferguson & Co.
P.O. Box 1786
Bombay 400 001

giving full details of age, qualifications, experience and salaries drawn along with a recent passport size photograph and contact telephone numbers. All applications and envelopes should be marked with the relevant reference number. Candidates who are not contacted within a month of applying for this position should assume that their experience and qualifications have not been found suitable.


SPARTEK IS
LOOKING FOR
9 DIFFERENT
MANAGERS
WITH ONE
UNCOMMON
PASSION

G R O W T H T H R O U G H I N N O V A T I O N

The thinking that's made Spartek the unquestioned leader the building products industry. Today the Spartek Group, comprising Spartek Ceramics India Limited and Neycer India mited, offers a wide range of ceramic tiles, granite tiles and anitaryware. More projects, the first of their kind in India, are on the anvil.

To keep pace with this growth and diversification, Spartek is now looking for the following Managers to be located at the Head Office in Madras and at the plants in Tirupati, Vadalur, Pondicherry and Madras.

LOCATION: HEAD OFFICE, MADRAS

GROUP PERSONNEL MANAGER

The candidate should have post graduate qualifications personnel management or social sciences from a reputed stitute. Experience would include 10 years' in the Personnel epartment of a reputed company, handling all aspects of ersonnel, I.R. & H.R.D. functions. The Candidate should be 5-45 years old.

MARKETING SERVICES MANAGER

Preferably an M.B.A. from a reputed institute. Experience ould include 5 years in the marketing department of a puted company or an advertising agency. Knowledge of roduct management, advertising, development of graphics nd designs, etc. is essential. The candidate should be 30-5 years old.

SALES ADMINISTRATION MANAGER

Preferably an M.B.A. from a reputed institute. The andidate should have 5 years experience in a reputed ompany looking after sales budgeting, order processing, roduction planning & coordination, MIS, depot dministration, etc. The candidate should be 30-35 years old.

SALES ACCOUNTS MANAGER

Preferably a C.A. with 5 years experience in handling ales accounts functions like working capital management, edit control, processing of trade claims, depot accounting, c. The candidate should be 30-35 years old.

PROJECT MANAGER

Candidate should be a Mechanical/Chemical Engineer ith atleast 10 years experience in project anagement/manufacturing experience. He must have an in-epth understanding of factory infrastructure/lay-out planning nd have a thorough knowledge of legal and other rocedures to be followed for new projects. He should be capable of finalising technical aspects with foreign collaborators in India and abroad. The candidate should be around 35 years old.

LOCATION: PLANT

GENERAL MANAGER (OPERATIONS)

An engineer from a leading institute, with atleast 10 years experience in factory management and continuous process manufacturing, preferably in a related industry. Areas of responsibilities would include manufacturing, quality control, factory administration, accounts, personnel, etc. The candidate should be 35-45 years old.

PRODUCTION MANAGER

The candidate should be an engineer from a reputed institute with atleast 5 years experience in a related industry. Responsibilities would include production, quality control and planning. The candidate should be 30-35 years old.

ACCOUNT MANAGER

Preferably a C.A. with atleast 5 years experience in the accounts department of a large manufacturing facility. Will be responsible for complete financial management at the factory including maintenance of books, receipts, excise and sales tax, payments to suppliers, control on oversheads an payroll management. The candidate should be 30-35 years old.

MAINTENANCE MANAGER

A mechanical engineer with atleast 10 years experience in the maintenance function of a continuous process industry. Areas of responsibility would include preventive maintenance, spare parts management, import substitution development and general plant maintenance. Experience in the tool room will be an added advantage. The candidate should be 35-45 years old.

Salary package will match the best in the industry and will e commensurate with experience and qualifications. Please pply within 10 days clearly indicating the job position and cational preference to :

The Director, **Spartek Ceramics India Ltd.,**

SPARTEK
Ceramics India Limited

AT&T, Alcatel, Motorola... Now is your chance to be in the same league.

Right here in India.

WE
Are one of the biggest industrial concerns in the country. Associated with leading players in the world telecommunications field. And are about to create history in the Indian telecommunications market.

YOU
Are young and energetic. Have a degree in electronics and communications/computers. And, preferably, an MBA.

You are in the telecommunications industry, at the managerial level. Possess the capability to go much further. Can communicate fluently with people. Interact with foreign collaborators. Build and lead an effective team. And establish a market for a product.

You have a minimum of 8 to 10 years' experience in business planning/marketing/sales/systems.

Or, alternatively, you have a proven track record in networking and marketing and handling software services in telecommunications. Or in network planning, design, systems engineering and implementation. You understand the intricacies of the software industry. Possess experience in the development of systems and applications software. And are conversant with UNIX, XENIX, and C.

You are already carving out a name for yourself. But would welcome the opportunity to really flex your muscle. Show what you can do.

THE JOB
Business Development Managers for our five telecommunications divisions - Radio Products, Consumer Products, Components, Network Provisioning, and Software.

The job holds everything you want. Responsibility. Challenge. And excitement. For you will be reporting directly to the Vice President. Building your own team. And creating and enhancing markets.

The job would also entail, amongst other things, negotiations with foreign collaborators, interaction with potential consumers, and the preparation of feasibility studies/business plans.

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Write to Box No. AA/354/LK/8, **Business India,** Wadia Bldg. 17/19 Dalal St., Bombay 400 001, within the next 10 days.

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ell established Company located in arat wishes to recruit a General nager who, as head of the profit re, will be responsible for total rations of the plant including duction, Quality, Maintenance, sonnel and Administration.

Candidate we are looking for should:

Be a degree holder in Mechanical Engineering preferably with degree/ diploma in Management

Have over 15 years experience of which atleast 3 years as Works Manager in Engineering/Process industry Company.

Be around 42-45 years of age.

Be a strong leader capable of guiding a team of professionals heading various functions.

Be willing to accept challenges and deliver results.

npany offers an attractive uneration package including sing, car etc.

ly in strict confidence giving details ualifications, experience and salary wn, within 15 days to:

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17/19 Dalal Street
Fort, Bombay 400 001.

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An outstanding professional

MARKETING MANAGER

The candidate for this position should hold a Degree or Diploma from a reputed institution with specialisation in marketing.

Should have atleast 5 years experience in selling fast moving industrial/consumer products. Will be responsible for not only selling the incompany products such as Tea, Coffee, Granite & Leather but should have the ability to develop other consumer and engineering products through their different branches situated at Bombay, Kolhapur and other offices in Tamilnadu, Karnataka and Andhra.

Age around 30 years.

ASSISTANT MANAGER - MINES

The incumbent should be a Mining degree holder of around 30 - 35 years age with minimum 5 years experience in mines quarrying operations. Will be responsible for managing the operations of group of quarries in Tamil Nadu, Andhra and Karnataka.

The company offers attractive perquisites and a conducive environment for professional growth and career development.

Candidates fulfilling the requirements may apply with complete details within 10 days to:

Executive Director
Personnel & Administration
Kothari Industrial Corporation Limited
"Kothari Buildings"
114, Uthamar Gandhi Salai
MADRAS: 600 034.

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A well known **STEEL TUBES MANUFACTURING COMPANY** in **NORTH INDIA** with an **ANNUAL TUR OVER** of over **80 CRORES** requires a CHIEF EXECUTIVE to be based at Company's Head Offi in **DELHI.**

THE JOB :

The CHIEF EXECUTIVE will be responsible for the whole company i.e. Marketing, Financ Manufacturing and Administration. The organisation is looking for a dynamic professional w will build a team and provide purpose and direction to the entire organisation. His focus shall on improving Management Skills, Finance Management, Administration, Up-Grading a Improving Productivity, Formulating and Implementing IR and HRD policies and establishi effective systems for Planning, Coordination and Control.

QUALIFICATIONS & EXPERIENCE:

The incumbent should be a Mechanical/Metallurgical Engineering Graduate preferably w MBA with atleast 20 years experience out of which 5 years should be at senior level calling fo multi-disciplinary approach. He should be exposed to Modern Management Systems as well have good grasp in commercial areas.

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The ideal candidates will be in age group of 45-50 with **Post Graduate Qualification** in relevant field with proven track record of handling **Profit Centre** responsibilities in any process industry. **10-15** years senior management experience in any of the above industries **with** down-to-earth experience in areas of marketing, finance, production **and** capacity to lead and motivate a team of Managers and Workers for achieveing results **are very essential.** This is a very challenging and demanding assignment requiring a high degree of technical, commercia and managerial skills.

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Calcutta

This requirement is for a multi-unit, multi - product **fast expanding industrial group** with annual sales turnover of around Rs. 400 Crores.

The incumbent will be responsible for all matters connected with Financial Institutions / Banks, Company Law Board / Controller of Capital Issues, MRTP, taxation, fund flow, working capital, management reporting, internal audit, MIS & System management, etc. **Must be CA + CS in the age group 38-45.** Senior managerial experience with a large & highly diversified business group will receive definite preference. Fluency in spoken and written English and Hindi is considered vital for this position. Exposure to computerisation on a large scale is essential.

Handsome remuneration package will be negotiated to attract the best talent.

Please write to Box No. AA/354/LH/6, **Business India,** Krishna Villa, 100 Park Street, Calcutta 700 017.

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GRASIM INDUSTRIES LIMITED are implementing a large capacity Gas-based Sponge Iron Project in **Raigad District** of Maharashtra, which is 20 km south of Alibag. The plant is under advanced stage of construction and is slated for completion by mid – 1992.

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High Performers would have excellent career prospects in a highly stimulating & rapidly expanding environment. Salary & perquisites will be handsome and entirely negotiable. Please write to **B P Agrawal, Chairman** and mark the envelope & enclosures with job title & code SIP/BPA/3095. All correspondence must be made through courier mail/speed post and contact telephone numbers clearly mentioned in a structured biodata.

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The incumbent will report to the Managing Director and assume complete charge of manufacturing operations. Key responsibilities will include product development, production, productivity, quality control, cost reduction and labour management.

Candidates should be Engineers preferably with MBA qualification having 15-20 years relevant experience at senior levels in process industries. High level of technical grasp and managerial ability essential. Age: Around 45.

The above package is indicative. An attractive remuneration package can be worked out for the right candidate. Apply within ten days with detailed bio-data to **M Madhusudan, Director** marking envelope & application with job title & code: GMW/MDS/40.

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He will spearhead the company's diversification programme into the **Chemical Industry**. The responsibilities would thus encompass the entire gamut of Project Management. The company has already identified a couple of viable projects but, if required, a few more project ideas would have to be pursued. Initiating techno-economic studies, discussing with technical collaborators, equipment suppliers, financial institutions, etc, would be some of his prime responsibilities. Thereafter, he would be accountable for timely implementation of the selected Project within budgeted cost parameters. Should be a Graduate Chemical Engineer, preferably with a Post Graduate qualification in Management, between 35 and 45, with 12/15 years relevant experience out of which 4/5 years should have been in Projects. **He should have implemented atleast one Chemical Project successfully.**

Salary and perquisites for this vital position will be entirely negotiable and will not be a constraint for the right candidate. Please write or personally contact **O. D. Gupta, Senior Consultant**, with detailed bio-data.

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Indian Oleo Distillates Ltd. is a Rs. 16 crores Project to crush 200 tonnes per day of various oil seeds plus 100 tonnes per day solvent extraction plus 50 tonnes per day edible oil refining and 100 tonnes per day manufacture of Vanaspati.

The Project Manager will be **responsible for erection and commissioning** including liaison with the turnkey contractors-Best and Crompton Ltd., and financial institutions, vendors and suppliers.

Chemical Engineers with experience in Erecting or running an Edible oils project would be preferred.

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TECH. MANAGER - CHEMICALS.

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Male/Female. Rs. 3000/- per month

Based at Bombay, Delhi, Bangalore, Madras, Calcutta.

If you have a degree and a background in Chemicals Marketing, Publishing, Finance, PR or Advertising and are between 22 to 28 years of age - you could make a dynamic career with us.

Graduates with experience will be given preference.

The successful candidates will be put through a rigorous training programme in the Group s various Branches and Business Divisions for a period of 2 years after which they will be designated as Asst. Managers on a salary of Rs. 4000/- per month plus perks. Must be willing to be transferred or relocated to any region.

Please apply, marking on the Envelope the post applied for, to :

The Chairman, **ROSS MURARKA FINANCE LIMITED** Corporate Office,
2nd floor, Sterling Center, Dr. Annie Besant Road, Worli, Bombay-400018.

NALCO

Nalco Chemicals India Limited

promoted by two leading multinationals, has a Technical Collaboration Agreement with one of its promoters — Nalco Chemical Company, USA – a world leader in Speciality Chemicals. High growth rates are visualised for the Company's range of products, manufactured at its new Plant in Konnagar.

The Company has the following vacancies :

Area Manager/Territory Manager at Bombay and Delhi

The job entails developing markets/customers, continued growth of sales and application technology in Refinery and Petrochemical units.

Candidates should be Chemical Engineers from a recognised Institution with 3–7 years selling experience in related fields.

Emoluments are attractive. For the right candidate the prospects are very bright.

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Cadila

NEEDS

SR. MANAGER

(PRODUCTION PLANNING & MATERIAL CONTROL)

The candidate should be a Graduate in Pharmacy/Science or Chemical Engineering with Post Graduate Deg in Materials Management/Business Administration and should have about 12 years experience out of which atleast 5 years in the Managerial level in a reputed Pharmaceutical Company.

This is a very Senior position in the management cadre and the incumbent will oversee all the functions of th Production Planning and Inventory/Material Control. He will be expected to head a team of professionals in PPMC.

Salary will commensurate with qualification and experience and shall not be a constraint for the right type of candidate.

Candidates who are confident of being able to function in this position should apply within ten days to :

THE GENERAL MANAGER (P. & A.)
CADILA LABORATORIES LTD.
244, GHODASAR, AHMEDABAD - 380 050

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VISAKA INDUSTRIES LIMITED

(TEXTILE DIVISION)

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MAINTENANCE INCHARGE

Should be B.Text. having 5 to 7 years experience for erection and Maintenance of most modern spinning machines from Blow Room to T.F.O.S.

SPINNING MASTER PRODUCTION

B.Text with 5 to 7 years experience from reputed Synthetic Spinning Units.

SPINNING MASTER FINISHING

Having 5 to 7 years experience from reputed Synthetic Spinning Units.

SHIFT OFFICERS

B.Text or Diploma in Textile Technology having 2/3 years experience from reputed Synthetic Units.

WINDING/FINISHING ASSISTANTS

Should have 2 to 3 years experience from reputed Synthetic Units.

Please apply within 15 days of this advertisement with detailed bio-data present and expected salary and other details to:

The Company Secretary,
Visaka Industries Limited, 6-3-1089/C, Gulmohar Avenue, Somajiguda, HYDERABAD - 500 482.

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In return we offer attractive expatriate packages, negotiable according to experience, and an opportunity to develop your skills in a truly international environment.

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asian paints (INDIA) LIMITED



We are looking for young, dynamic professionals to take up positions of:

SALES EXECUTIVES

Sales Executives would be posted at one of our branches/establishments, where they would report to the Branch Manager. They would be responsible for meeting agreed objectives with respect to sales, credit control, inventory management and general branch administration through effective leadership of the team below. They will also be expected to constantly suggest improvements and implement the same in the existing systems and procedures at the field establishment.

Suitable candidates would be 21-25 years old, with a degree/diploma in Management/ Marketing;1-2 years' prior exposure to sales related areas would be an added advantage. They would be willing to work anywhere in India and travel extensively. The job is transferable to any location of the Company's operations in the country and abroad.

If you are interested in working in an open, challenging and stimulating work-oriented environment, please send in your application, within 15 days, giving complete particulars of age, qualifications, work experience, salary drawn and expected, and a recent passport-size photograph, to:

Corporate Personnel Manager
ASIAN PAINTS (INDIA) LIMITED
Box No. AA/354/LA/6 **Business India,** Wadia Bldg.,
17/19 Dalal Street Fort, Bombay 400 001.

Please superscribe the envelope with the position applied for.

ADROIT-496/91

Executive Ladder

Ajit Shah is the new managing director of Everest Advertising Pvt Ltd. With the company since 1979, he was earlier the senior vice-president.





Moving up from general manager (finance) at Madalsa International Ltd is **Nikhil Morsawala**. He will now be vice-president (finance).

The new corporate vice-president, human resources, of Wipro Corporation is **V.S.Mahesh**. He was formerly with the Taj Group of Hotels, where he was vice-president, human resources.





Bharat Earth Movers Ltd in Bangalore has a new director (finance) in **Jayant B. Diwale**. He was earlier director (finance) at Mishra Dhatu Nigam Limited, Hyderabad.

Moving up from senior vice-president at FPG Limited (formerly Fibreglass Pilkington Ltd) is **Arun Bhandari**. He has now been appointed to the board as a wholetime executive director, and has been with the company since 1967.





Anil K. Chaturvedi has assumed office as vice-president and senior representative for the Americas at ANZ Grindlays Bank, New York. For the past three and a half years he has been NRI manager for State Bank, also in New York.

N. Padmanabhan is taking over as chief executive, Hexaware InfoSystems Ltd, a subsidiary of Apple Industries Ltd. He was previously senior general manager, Citicorp (COSL).





Based in Bombay, **Neil Harrison** has been appointed British Airways' sales and marketing manager for India, Bangladesh, Nepal and Sri Lanka. He was earlier world sales business manager for the airline.

Taking over as chairman and managing director at Bharat Electronics Ltd is **P.K.Modak**. He was earlier director, R&D, in the same company, which he has served since 1961.





Anil Kumar Gupta has taken over as regional director of the western region, Oil and Natural Gas Commission. He will be based in Baroda.

MASFIX - Fixed Assets Management System

as per provisions of the Compan Act and I.T. Act
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AHMEDABAD

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SIXTEENTH MANAGEMENT EDUCATION PROGRAMME

November 24, 1991 - April 4, 1992, at Ahmedabad

ne Management Educational Programme (MEP) is a four and a half month intensive programme in general management for ccessful middle managers of large and medium organizations and young owner-managers of small-scale industries. A unique ogramme designed by the Institute faculty, MEP has earned formal recognition as one of the world's best management evelopment programmes.

ne programme is designed for those executives and entrepreneurs who have made a mark in their work in one or more of the nctional areas and are to shoulder general management responsibilities but have not had an opportunity to acquire formal anagement education.

Last date for receiving nominations: October 25, 1991. Organizational sponsorship is essential.

For brochures and nomination forms, please write to: **Manager (MDA) Indian Institute of Management, Vastrapur, Ahmedabad 380 015**

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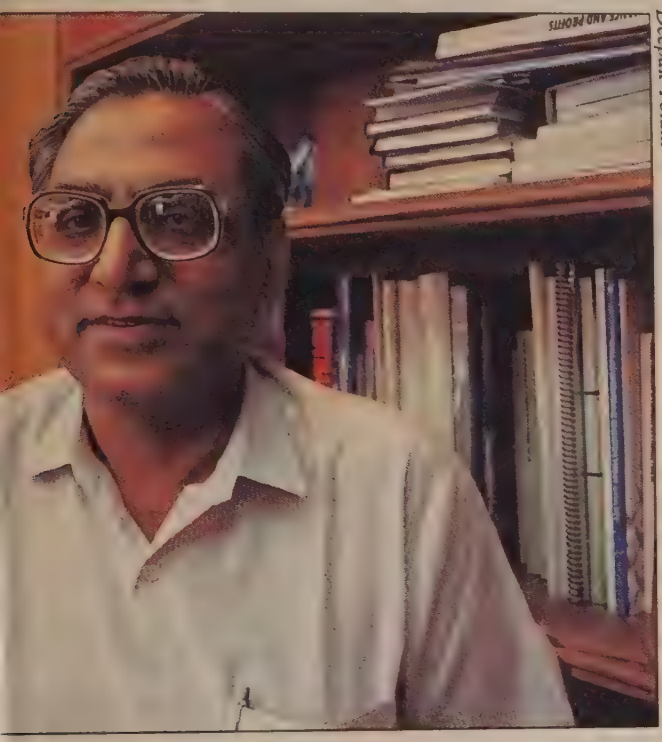
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tinct and courage



Deepak Tolani

rgava, *55, is deputy managing director, ICICI*

own admission he is an opera- : man, a guy who goes out and gs done. He is not flashy and has vy mannerisms, yet he com- n influence far beyond his desig- f deputy managing director of ustrial Credit and Investment tion of India, the second largest - of the Indian industry. People ay, "Chairman (N. Vaghul) is a y, but DMD is the decision-

ise to the number two spot in k him exactly two decades. The V. Bhargava has risen from the d attributes his success so far to idence reposed in him by the e has worked with. Bhargava s career, in 1956, as an officer in an Tariff Commission (now e joined the India Investment n 1961, and after a four-year n its New York office (1964-68), d ICICI. As senior officer in the ns branch in Bombay, he was two to S.S. Nadkarni, now n of IDBI. Soon after, he took hief of operations.

ava was transferred to ICICI's ice as regional manager in 1978. tico-economic environment of al trained him in walking the between business and politics. to help him greatly in the future.

When he returned to Bombay in 1982, promotions came fast. From AGM to DGM to GM and, then, to DMD, took only six years.

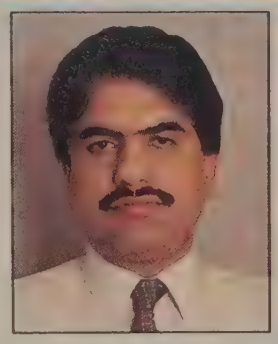
At ICICI, Bhargava has handled the projects of virtually every big industrial house in the country, from the Birlas, the Tatas, the Goenkas, and the Ambanis, to the Ruias. This variety of experience has also helped him understand the problems faced by an entrepreneur. He has, therefore, attempted to speed up, as well as simplify, the process of getting loans from his institution. "I tell my people that an industrialist has a lot of problems outside ICICI, so sit down with them and quickly help in solving these." His greatest satisfaction has been in being able to dissuade entrepreneurs from investing in projects he felt would not be viable. "In most such cases they have come back and thanked me," he says.

Bhargava thinks that development banking hasn't achieved what it was meant to, that is, develop industry in the rural areas, encourage new entrepreneurs etc. "Somewhere along the line, the approach to financing projects became normative. If an entrepreneur came to the institutions with some money of his own and his dreams, he was financed. And in turn, we took protection under conditions in the loan agreement." This led to wrong people coming into industry. Development institutions probably overplayed their role, he feels.

But, right now, Bhargava is gearing up to tackle the "greater challenges" posed by the new industrial policy. According to him, with licensing gone, the entire responsibility of seeing that the nation's resources are not squandered rests with development banks. But with a man like Bhargava around, says a representative of an industrial group, the country can be sure its precious resources are in safe hands.

■ MADHAV REDDY

FRONTRUNNERS



Sriram Khattar, 33, completed a course in chartered accountancy from A.F. Ferguson & Co in Delhi, and initially worked with them in the management consultancy division. Later, he chose to enter financial services.

After a three-year stint with the Nagarjuna group in Hyderabad, he joined ITC in 1988 as manager, special projects. Today, he heads this company's investments, diversifications and corporate finance operations in Bombay. The fact that money markets are tight does not worry him. Says he, "Raising money for ITC is not difficult. What is important is the cost at which this money is arranged."

■ R.B.



"We brought down our break-even point by 45 to 50 per cent this year," says the man instrumental for the turnaround of the Bombay-based Gabriel India's shock absorber division.

Amit Mondal, 32, general manager of this division, is a mechanical engineering graduate from IIT Kharagpur, and a post-graduate from the National Institute for Training in Industrial Engineering, Bombay. His first job was being a production engineer with GEC. Since then he has worked with ASE and Lipton India.

At Gabriel he follows a three-pronged strategy: achieving manufacturing efficiencies — production increased this year by 70 to 80 per cent, while fixed costs were brought down by 22 per cent — concentrating on profitable segments for shock absorbers and increasing the thrust on exports.

■ S.C.

Ashok Leyland Limited

Regd. Office: 19 Rajaji Salai, Madras 600 001.

Highlights of the Speech delivered by the
Chairman, Mr. Mantosh Sondhi,
at the Fortysecond Annual General Meeting on September 5, 1991.

On the Company's Performance

Despite the difficult economic situation, 1990-91 has been yet another year of creditable performance.

Gross turnover increased by 34% (annualised) to Rs. 922.90 crores.

Exports rose to Rs. 47.28 crores from Rs. 25.18 crores in 1989-90 (annualised).

The Hinduja Group is actively supporting the Company in its export drive and thanks to this support, the current export order book exceeds Rs. 60 crores.

Profit before tax at Rs. 41.36 crores was higher by 69% over the previous year (annualised).

On the Company's Mission

To bring world-class vehicles to Indian roads and to achieve a major export presence by 2000 AD.

On Expansion Plans

A multi-crore modernisation and expansion programme to upgrade technology and manufacturing facilities; and to widen the product range.

On Technological Upgradation

Ashok Leyland will bring the benefits of the world's finest technologies from IVECO, Italy; Hino, Japan and ZF, Germany.

The product strategy will focus on higher fuel efficiency, better emission control, smoother ride and international styling.

IVECO will actively participate in the Company's technological upgradation programme and support the new product range with their global marketing network for maximum export benefits.

A new range of vehicles in the payload segment of 4 to 8 tonnes will supplement the product range and provide a new thrust for exports.

ASHOK LEYLAND 2000
GLOBAL STANDARDS
GLOBAL MARKETS

On Government Policies

The new initiatives on liberalised trade and industrial policies signal a bold new approach to integrate domestic production with global markets.

It would have helped if measures such as investment allowance and higher depreciation rate for high technology and capital-intensive industries had been taken to sustain large-scale capital formation.

Durable penetration of export markets is feasible only on superior product techhology and quality. These cannot, however, be the concern for exports alone.

Modernising key engineering industries should be an integral part of a drive to achieve international competitiveness, even if it means import assistance in the short run.

Development and maintenance of highways and bridges should be thrown open to the private sector on toll-based systems leaving the State to focus on district and rural roads.

The quality of roads needs improvement to eliminate wastage of fuel and to improve the life of expensive spares.

Road development should be made eligible for direct foreign investment to accelerate improvement.

Note: This does not purport to be a record of the proceedings of the Annual General Meeting.

THE FUTURE IS BIGGER BETTER BRIGHTER

R K SWAMY BBDO AL 94

AGARAM

inning a fortune

argest cocoon auction centre is in a one-horse town near ore

nagaram is a one-horse town ing among the awesome boul- nations that dot the Bangalore- highway. Located just 50 kilo- from bustling Bangalore, the ot into prominence in the seven- n it was used as the locale for the ockbuster *Sholay*.

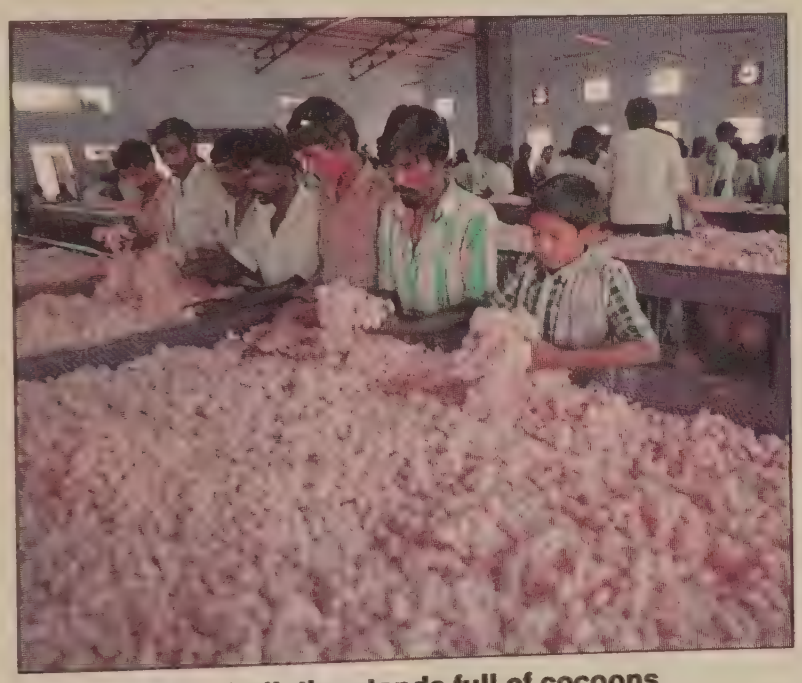
nown, however, is the fact that garam is Asia's largest auction or cocoons, with the market on days a year. Not surprisingly from Andhra Pradesh, adu, Kerala and even far tar Pradesh, find it lucra- sell their produce here. spite 15 identical markets in Andhra Pradesh, West Tamil Nadu, Jammu and , Maharashtra and Uttar . Karnataka itself has coon markets but garam is obviously the e.

demand

th average receipts of 30 f cocoon every day, the garam cocoon auction annot meet local require- This is because, in and the township, there are ensed reelers and 5,000 *charkha* tage units which require 60 f cocoons every day. The maxi- ceived in a day has been 58 in one day, says Chik- tappa, assistant director, ser- department, government of ka, who is in charge of garam cocoon market. "Since is high at Ramanagaram and on arrival is inadequate, the always competitive," he says. why farmers from other states re in large numbers."

ding to the Karnataka Silk t, 1959, all farmers have to sell at government-run cocoon mar- be eligible to participate in auc- ne buyer, the licensed reeler, should have installed machinery for reeling activities. Buyers licensed by the state sericulture department can buy cocoons only from government notified cocoon markets.

Farmers come to the market throughout the day, starting at 7 am when market officials begin issuing slips to them. The auction begins at 10 am and continues after the lunch break. There are 120 employees in this market and transactions worth Rs.20 lakh are carried out daily. Not surprisingly, several co-operative banks and others like Canara Bank, Vijaya Bank, the State Bank of Mysore, and Vysya Bank have opened district branches in the area.



At the auction hall: the stands full of cocoons

Buyers inspect the cocoons as and when they arrive at the market. The bidding price is decided on the previous day's quotations at the Bangalore silk exchange. Buyers deposit a stipulated amount with market authorities and this is adjusted with the auction purchases made later. In most cases, payments are settled in cash immediately after the auctions.

The market levies a one per cent service charge on both buyer and seller. In 1989-90, sales were Rs.85 crore on which the revenue earned was Rs.1.70 crore. Says Chikkavenkatappa, "The sales and revenue will increase further." Interestingly, the state government also participates in cocoon auctions at Ramanagaram, through agents. "This is done to maintain prices and stability," points out Chikkavenkatappa.

Higher margins

"If the cocoon is fresh and well-built, the farmers get a good price," says J. Sampath, deputy director (publicity) of the Central Silk Board. "If it is wet and flimsy, it does not fetch a good price." B. Dasappa, a young cocoon farmer from neighbouring Anantpur in Andhra Pradesh, says, "I come to Ramanagaram because I get a 20 to 30 per cent higher price than in the Hindupur market." He went in for mulberry cocoon cultivation as the margin was greater compared to commercial crops. On an average, a farmer gets between Rs.45 and Rs.170 for a kg of cocoons at Ramanagaram, depending on the quality.

Such high returns encouraged even an automobile engineer, Apoorva Chandra Chandhu, from Maddur, 35 kms from Ramanagaram, to change his line of work. "Compared to other crops, rearing cocoons is economical," says Chandhu, whose crop of cocoons averages about 2,000 kg a year.

Farmers who wish to hold back their cocoons, for a better price the next day, can stay over at the market. They can stay at the Raitha Bhavan constructed by the state government. There are three halls in all, the largest of which can accommodate 100 stands. Each has a storage capacity of 60 to 70 kgs.

Unfortunately, the township is a hotbed of communal tensions and frequently there are riots. Despite this, there appears to be absolutely no security at this cash-rich centre. Still operations at the cocoon auction go on in a smooth and precise manner.

■ DEVAPRASAD PUROKAYASTHA









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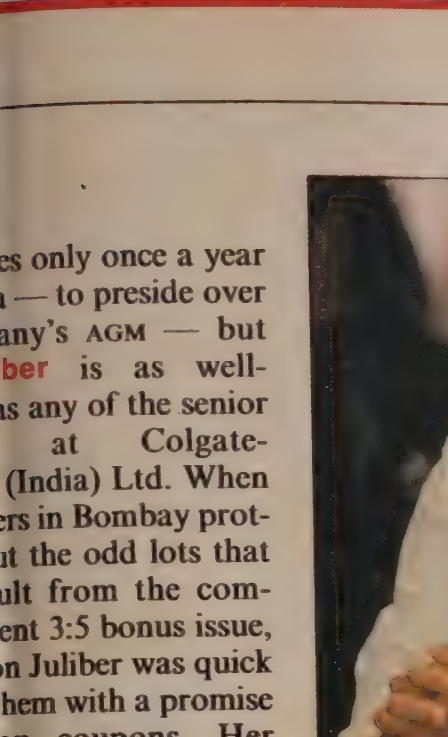
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Tea? Or Chidam-
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erving choice for
t UPASI's recent an-
The Union minister



of state for commerce was introduced as a planter of sorts, but P. Chidambaram brusquely dismissed this. "I've never set foot on a plantation", said he. Before the embarrassed titters could die down, Chidambaram had another crack, "After joining the government, I've found myself drinking tea and coffee in equal proportions, sometimes not knowing which is which."

Jokes over, the minister got down to serious business. His stern slogan, "Export or perish", repeatedly sounded like a whiplash slicing the cool Coonoor air. He then chastised the "existing plantation strategy", which growers assume means "to produce what we can, consume what we will and export what remains".

The 10-day Pune festival had it all: cultural programmes, a food festival, sports, drawing competitions, the works... Sharad Pawar and Madhavrao Scindia lent political weight while Bismillah Khan, Hema Malini, Bhimsen Joshi, Mallika Sarabhai and Ravi Shanker were at their talented best. "The idea," says chief organiser, Suresh Kalmadi, "is to make the Pune festival a tourist attraction not only for Indians but also for foreigners." All the festivities, of course, could not have been possible without a helping hand from the corporate world. ITC picked up a major portion of the Rs.25 lakh tab with Bajaj Auto, SM Dyechem and Bharat Forge chipping in with the rest.

Gone is all that bluster, the abrasive takeover tycoon image. A much-chastened Manu Chhabria now likes to portray himself as a low profile, quiet industrialist, in the midst of consolidating his industrial empire. No more takeovers now, he maintains.

This was only to be expected since six of his group companies are involved in BIFR cases and even his flagship, Dunlop took a drubbing on profitability. Yet old habits die hard. "If there is a tyre company available, I would love to buy it," he mused recently.



Preparing countries for reform

What makes this year's World Development Report different from any other?
While in the past we had taken up one topic at a time and looked at its impact on development, today it makes more sense to look at all topics together. When you look at one topic, the tendency is to think that it is the most important for development. Instead, we preferred to ask: when you look at the entire canvas what priorities emerge?

Do you advocate more private-sector involvement and diminution of the role of the state?
The report's statement on the role of the state and the role of the market must be seen with respect to where a particular country is situated. Clearly, over the last thirty years countries have overused the role of the state to a point where it has become counter-productive. At the same time, due to swings in opinion there has been a tendency to overstate the role of the market: meaning that getting prices right will solve the problems of development.

The report endorses a strong role for both the state and the market, but it makes a clear distinction about the areas in which each can make the maximum contribution.

On what basis do you make this distinction?
In areas of production of goods and services, the report finds little justification for the state to be directly involved. On the other hand, in areas like primary health, education, infrastructure, the environment, or poverty alleviation, since the private sector doesn't have much incentive to be a leader, there is justification for the state to be the leader, provided its capability can be established.

What in your opinion are the necessary conditions for dramatic results in any programme of reform?
There are three preconditions: one, there should be a sound policy framework in terms of pricing, regulation, and competitive environments; two, effort must be made to raise investments, both physical and human; and three, the building up of institutions, the capability to deliver services, the legal framework, property rights, and so on. The three necessarily go together.

For example, if institutions are not flexible to respond fast enough to a shift in a regime from one based on quantitative restrictions to one based on tariffs, exports could really suffer.

Deepak Tolani



Vinod Thomas, *chie economist for Asia at World Bank, was also leader of the team th compiled this year's W Development Repor While in India recently hold discussions all o the country, he spoke* Eapen Thomas of Business India *about import of the report*

That gives price reform, whether it is an exchange rate depreciation or a shift away from quantitative restrictions, a bad name. People are likely to associate the ineffectiveness with the reforms themselves.

Once instituted, how fast-paced should the process of reform be?
There are many cases where full-scale liberalisation was attempted and results didn't come in one year. But what we should observe is whether in a reasonable amount of time, say 10 years, the country was the better off for taking this approach. However, there are examples of countries which went very fast in one line and regretted this.

As the process of reform begins in India, there is the question of priority, whether it should be given to domestic-oriented reform or that affecting the external sector?
Your question assumes that the amount of energy needed for re and the resources are limited. W to look at the amount of regula the domestic market, and that i external market. That will give idea of the marginal benefits of in either direction. India has bo very highly regulated external se and a domestic sector. My feelin that both markets need to be th about. The emphasis on the dom sector, just because it is a large economy in terms of population stand that the external economy important, will be mistaken. Imp one without the other will not pr the required results.

How do you respond to the perc that the process of reform is so painful that it might be better to it altogether?
We have evidence that the later it comes, the reform process is mor difficult, more painful, and more But does this mean that a country wishes to adopt it late will have t up the attempt? But think again, costs will be even higher in the fu All the same, the cost factor shou kept in mind, so as to be realistic how much can be achieved, but it should not result in the slowing d of the process. Alleviating costs is area many countries didn't tackle requires a political will and entail redirection of expenses so that the vulnerable and poor are protected

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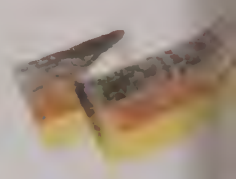
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